

The PRESIDING OFFICER. The Senator is correct, and these nominations were passed upon by the Committee on Appropriations.

Mr. COPELAND. May I ask further, in each instance was the nomination approved by the Senators from the given State?

The PRESIDING OFFICER. It was; and the clerk of the Committee on Appropriations was advised to confer with the Senators from each State where a nomination was made.

Mr. COPELAND. May I ask further of the Presiding Officer, in his capacity as a Senator, what would have happened if the Senators from a given State had been in opposition to the appointment of one of these nominees?

The PRESIDING OFFICER. The nomination would not have been reported to the Senate until a hearing had been held.

Mr. COPELAND. Very well. I have no comment to make.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Henry S. Geismer to be State director of Alabama of the Public Works Administration?

The nomination was confirmed.

The legislative clerk read the nomination of Alexander Allaire, of Arkansas, to be State director of Arkansas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

WORKS PROGRESS ADMINISTRATION

The legislative clerk read the nomination of Joseph E. Parker, of Montana, to be State administrator for Montana of the Works Progress Administration.

Mr. MURRAY. Mr. President, I move that the nomination of Mr. Parker be confirmed.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. ROBINSON. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 40 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, April 29, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 28 (legislative day of Apr. 24), 1936

DEPARTMENT OF LABOR

Charles O. Gregory to be Solicitor for the Department of Labor.

PUBLIC WORKS ADMINISTRATION

Henry S. Geismer to be State director of the Public Works Administration in Alabama.

Alexander Allaire to be State director of the Public Works Administration in Arkansas.

WORKS PROGRESS ADMINISTRATION

Joseph E. Parker to be State administrator in the Works Progress Administration for Montana.

APPOINTMENT IN THE REGULAR ARMY

Howard Amos Van Auken to be first lieutenant, Medical Corps.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Second Lt. David Lyon Hollingsworth to Cavalry.

PROMOTIONS IN THE REGULAR ARMY

Thomas Bernard Larkin to be lieutenant colonel, Corps of Engineers.

Gordon Hall Steele to be major, Quartermaster Corps.

Albert Sidney Bowen to be colonel, Medical Corps.

Ernest Robert Gentry to be colonel, Medical Corps.

Roy Cleveland Heflebower to be colonel, Medical Corps.

George Martin Edwards to be colonel, Medical Corps.

APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES

Ewell Lewis Head to be brigadier general, National Guard of the United States.

Raymond Albert Yenter to be brigadier general, National Guard of the United States.

POSTMASTERS

LOUISIANA

Clarence L. Black, Bogalusa.

Ruth W. Monroe, Elton.

Berenice K. Schuchs, St. Joseph.

PENNSYLVANIA

Robert E. Giles, Coalport.

Samuel M. Carnell, Dott.

Marcella T. Pawlowski, Glenlyon.

Cleo W. Callaway, Shawnee on Delaware.

Oscar F. Sutcliffe, Somerset.

James A. McCoy, Turtle Creek.

SOUTH DAKOTA

James T. Homme, Bison.

Martha Nieveen, Corsica.

A. Harold Hoffman, Frederick.

Fred Shroyer, Gettysburg.

Emil P. A. Erdmann, Groton.

Arthur A. Van Voorhis, Hitchcock.

John T. Schneider, Lebanon.

Anthony J. Rozum, Mitchell.

James A. Robertson, Sisseton.

Helen E. Becker, Turton.

Victor M. Dalthorp, Volga.

Thomas J. Delaney, Webster.

Nick V. Anton, Wessington Springs.

VERMONT

John B. Flanagan, Proctor.

Ella M. Martin, Rochester.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 28, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, whom the heaven of heavens cannot contain, send out Thy light and truth; let them lead us. Bless us with the grace that softens the heart and brings us into accord with the majestic law of Christian brotherhood. Grant, our Father in Heaven, that foolish ambitions and petulant disappointments may take unto themselves wings and fly away. We pray that inspiring and subtle influences may steal into our souls; that suspicion and contempt may droop and die. Gracious Lord, warn and strengthen us against all destructive errors and hold over our impulses a restraining power. Help us, we pray Thee, to make our country richer, brighter, and happier for having passed this way. Withhold not Thy tender mercies from us, O Lord; let Thy loving kindness and Thy truth continually preserve us. Blessed is the man that trusteth in Thee. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

ASININE CONTROVERSY IN THE BIG CITY; SOME FEAR STATUE OF LIBERTY COMMUNISTIC; IS RED OF AMERICAN FLAG SUBVERSIVE?

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include certain explanatory data.

The SPEAKER. Is there objection?
There was no objection.

Mr. MAVERICK. Mr. Speaker, one of the most astonishing and asinine controversies in American history is raging in New York City at this time. It concerns violent objections to a small book, prettily illustrated, of about 14 pages and only about 1,200 words, entitled, "Americanism: What Is It?", published by the Americanism committee, New York County American Legion. The book, for the time, has been suppressed, although a preponderance of opinion seems to oppose such action. A thousand copies of this book were printed as prizes for school children; its release has been withheld; but I offer it for full printing in the CONGRESSIONAL RECORD. It can now be read by anyone who pleases to do so. I think it will not be found offensive; I should like every man, woman, and child in America to read it. (For full text, see I, Americanism: What is it?)

How such silliness could go on in a great city like New York, I cannot understand. The population of New York City is twice that of the United States of America at the time the Declaration of Independence was signed; education and knowledge have no doubt increased. (See IV, Declaration of Independence.)

As usual, names are being called. The critics say this book is communistic, un-American, radical, socialistic, and other things. Among the reasons given are that it had some red color in it. Red ink seems to be a disease; it will not be long before doctors are called Communists for using mercurochrome.

SHALL THE AMERICAN FLAG BE STRIPPED OF RED?

The front has blue and red in the type and illustrations. I presume that red is some sort of a sinful color—possibly the critics would like to forcibly strip the American flag of one of its colors. Again, there is a picture of a hand holding the torch of liberty—symbolic of historic Americanism—and this is denounced as highly improper for Americans—or at least New Yorkers—to look at. Possibly the population of the city will be harnessed and dressed like the high-school horses now showing in Ringling's circus at Madison Square Garden, with bits in their mouths, heads strapped down, and blinders on their eyes so that no one on some clear day may raise his eyes and steal a peek at the Statue of Liberty.

This is the worst piece of nonsense and idiotic persecution I have heard of in American history. Think of witch burners of the past, the fanatics of all sorts—but a big-city witch burner is worse than the rural fanatic; and there is less excuse.

It is not my pleasure to personally know these critics. They may be leading New Yorkers—impatience might propel me to say that they control the intellectual life of the city. This, however, is not true; the whole thing must be a misunderstanding. Possibly the critics have not thought the matter over; possibly when they saw some red it magnified so that the blue could not be seen. (For full discussion of dangers inherent in red, see V, The 14 points of the red menace.)

Or possibly they are so righteous, so certain of their rectitude, that they really would strip the red stripes out of our flag and change to a solid lily-white background as a symbol of their impeccable purity.

DO NEW YORKERS WANT TO PULL DOWN THE STATUE OF LIBERTY?

There is so much press comment on this I cannot tell whether any New Yorkers are really opposing the publication of this book or not. I say this in justice to my fellow Legionnaires of New York City.

(See, for further press comment, II, Editorials and news comment.)

SUBJECT: NON-SENSE, NON-SENSE, NON-SENSE

In the New York Herald Tribune of today, Tuesday, April 28, 1936, I see where H. L. Chaillaux, director of the Amer-

ican Legion Americanism committee, has sent a letter from Indianapolis to Hon. Joseph V. McCabe, county commander of all Legion posts, in which he states:

On the opening page I note the raised hand and flaming torch with its striking similarity to the left-wing Socialist emblem.

When the American torch of liberty got to be "left-wing" or "socialist" or something un-American, I do not know. Furthermore, a torch, if lighted, obviously flames. Would these objectors extinguish the flames of liberty? All I know is that millions of Americans look forward to seeing the Statue of Liberty. It would be disappointing to have it thrown in the New York Harbor, or for the hand holding the torch to be sawed off.

Then Mr. Chaillaux says:

Am I (apparently as the sole judge of what is Americanism—parentheses are mine) to assume this is merely a coincidence?

Thus, apropos of nothing, he proceeds:

Several drawings in the booklet are strikingly similar to the usual subversive placards.

In this I can see no sense at all, nor any connection with the story. There are, for instance, some very simple wood-cut drawings: One of an ordinary landscape, another showing our pioneer forefathers, another showing the city of New York with an airplane over it, another showing Liberty being crushed, similar to the coat of arms of numerous States, including Virginia, whose motto is "Sic Semper Tyrannis"—"Thus ever to tyrants"—another of a mother holding a little child, and the book ends with the words:

Only by sturdily holding to this struggle for these ideals can we defeat ignorance and tyranny and preserve democracy, justice, and liberty.

LIBERTY OF SPEECH, PRESS, CONSCIENCE, RELIGION ALL LEGALLY SAME

In the letter to Mr. McCabe, Chaillaux continues: "The seventh paragraph in the booklet places, in typical Stalin fashion, freedom of worship in a secondary position." This is simply nonsense, for the freedom of speech, press, religion, conscience, and the right to peaceably assemble are all contained in article I of the amendments to the Constitution, known as the first article of the Bill of Rights. Legally, freedom to speak is also to preach; to peaceably assemble, to go to church; while press includes religious journals as surely as it does any newspaper. This injection of religion in the dispute is apparently to prejudice religious people against their own rights; or else the meaning of the Bill of Rights is misunderstood by Mr. Chaillaux. Besides this, religious freedom is prominently and specifically mentioned, as the text will show.

The letter to Mr. McCabe, of New York City, states that the Legion stands for freedom of speech "up to the point where it was used by a person or group to promote the violent overthrow by force of the Government." This book does not in any way even mention violence except to condemn it severely; it merely says that violence produces "chaos * * * is wasteful * * * stupid." The little book, as a matter of fact, is mildly and pleasantly written and is worthy of true Americanism.

Mr. McCabe and a large majority of New York Legionnaires have acted wisely and courageously in refusing to suppress this little book. They deserve praise and should be encouraged by the American people.

NEW YORK AND TEXAS—BOOBS, OR WHAT HAVE YOU, EQUALLY DISTRIBUTED

Mr. Speaker, I am from Texas, which is irrelevant to this story, except that I intend to compare it to New York City, which has almost exactly the population of my State. I have been visiting New York City ever since I arrived there in 1912 on an old Mallory steamship on my way to college. Since that time I have visited New York dozens of times and have lived there long enough to know a little about it. In New York I hear talk about communism, fascism, and many other subjects. I have been told that most of the smart businessmen live in New York City, and practically all the intellectuals. I now have a wide acquaintance in New York City, and I find out that its population is precisely like that of any other portion of the United States. This may be

disappointing to some, but it is true. I repeat, there is no difference between the people of New York and Texas. Texas has an area of 265,896 square miles. Greater New York, according to the almanac, has 308.86 square miles, with Manhattan having only approximately 30 square miles; and the only difference I can find between my people and New York people is that in Texas our civilization is spread out flat over a wide area, and that of New York is in a small area and straight up and down. The saints and sinners, the half-wits and the intellectuals, the Communists and the Fascists are about the same. The only difference is that in Texas we have more room to roam around in. There is as much hospitality in New York as there is in the South—and as much meanness, too.

VETERANS SHOULD STAND FOR PRESERVATION OF LIBERTY

I do not believe that I have ever talked about my service in the war before for print, nor have I ever beat myself on the breast very much as a veteran. Today, however, I feel like mentioning the fact that I am a veteran and became a Legionnaire soon after the war and am a member of the Veterans of Foreign Wars and several veterans' organizations. As an ex-soldier of the A. E. F. and a member of these organizations, I must protest against such nonsense as this. The American Legion is a great organization and, above all, should practice the observance of the Constitution and especially the preservation of what is fundamental Americanism, and that is the preservation of liberties as enunciated in the Constitution and Bill of Rights. (For preamble to American Legion constitution, see III, Legion preamble.)

To attack this little book in such an evasive manner, without any real facts, is to adopt a policy of the Fascist and Nazi courts, wherein there are no rules of evidence, and where fair procedure and ordinary justice goes by the board.

It is not for me to advise the Legionnaires of New York. I soldiered with many of them in France, and one, Frank Felbel, was killed by my side in the Argonne Forest while we served with the Twenty-eighth Infantry. I soldiered with many others who now live in the city. The Legionnaires of New York and the ex-soldiers know their business as well as I do. I do not want to intrude. But this concerns America, and I am sure that well-informed citizens and the rank and file of the Legion want to preserve democracy and its principles. For them to ban a little book which reaffirms the Bill of Rights merely because it happens to use red, which is part of the American flag, with blue right beside it, would be so silly as to lose caste and the respect of the thinking American citizens.

This little book—and it is O. K.—is published by the press of the Woolly Whale, of New York, and in form and color it is an excellent job. One thousand special copies were issued for the students of New York City who were awarded Americanism medals by the American Legion of New York County. Cyrus LeRoy Baldrige, of New York, an artist, appears to be the author.

The book says, for instance:

In a democracy citizens are not ruled by force and told by the state what they shall think. Americans, in their struggle for democracy, stand forever opposed to dictatorship by a person or by any special group.

What is objectionable in that? Do the critics believe that we ought to already pay homage to a military dictator?

Again, it says:

Wise men know that the use of violence, producing chaos, is not only a savage but a wasteful, therefore stupid, means of bringing about change. Use of violence breeds more violence. If civilization is to develop, reason must take the place of brute force.

What is it the critics want? What, in the name of common sense? Do they think it criminal for the little book to oppose "the use of violence, producing chaos"? Do they object to the words "Reason must take the place of brute force"?

Or this:

Nevertheless, believing in freedom of speech for others as well as for ourselves, we must not attempt to abuse or silence them.

Is it that freedom of speech is only for the militarists, the industrialists, the munition makers? I wonder.

Possibly it is this:

Democracy means an equality of opportunity.

This is neither a question of Texas nor New York, but of common-sense Americanism under the Bill of Rights including our conception of the Declaration of Independence. (See IV, Portions of Bill of Rights and Declaration of Independence.)

This issue of the CONGRESSIONAL RECORD will reach through subscriptions, distribution, colleges, libraries, reprints, and possibly in editorials and newspapers, millions of Americans. I have given the book word for word, sentence for sentence, and have described the red color as well as the blue. If there is anything wrong in that booklet, I should like for the editors of America to say so. If there is anything wrong in standing for the Bill of Rights, for liberty of speech, and the processes of democracy, I want to know about that. If this country is to abandon democracy, I should like to know that, too. More than anything, however, I should like to see what the rank and file of the ex-soldiers of America think. I do not know that they can get full expression of their views but I am confident, from my contact with them, that if the ordinary, common soldier has anything to say, he will want to maintain his own liberty at least—and I am sure, the liberty of others. On the surface this appears to be an unimportant matter, but it is really extremely important.

I hope the people of New York will see that common sense prevails.

I

AMERICANISM: WHAT IS IT?

As I said in the beginning, the whole book is only around 1,200 words, something less than an ordinary-sized book review. This document is said to be outrageous, and I want the American people to read every word of it, just to show you what some people say is left-wing socialism or communism. The following is a complete description, with full text of book:

Cover in blue and red, touches of gold; eagle red, with words at bottom in blue, "Americanism: What Is It?" Inside is a picture of the torch of liberty, with the words, "To American youth"; next page the words, "1936—Americanism Committee—New York County American Legion." The full text follows:

AMERICANISM

Every American Legionnaire pledges himself "to foster a 100-percent Americanism."

What is meant by "Americanism"?

This word is used by very different sorts of people. Courageous citizens, striving for the common welfare of mankind, proclaim their Americanism and so do others scheming for the narrow and special interests of their own selfish crowd. These groups, holding contradictory ideas of Americanism, call each other un-American.

Yet to distinguish real Americanism from counterfeit is not difficult. The true American spirit—Americanism—is expressed in a determined and magnificent human struggle to achieve democracy, justice, and liberty. The fundamental aim of this struggle is to maintain for all Americans the opportunity to enjoy the abundance of nature and to acquire such products of their cooperative labor as are essential to their life, liberty, and pursuit of happiness.

Democracy means an equality of opportunity.

Justice means the equality of all before the law.

Neither democracy nor justice is possible without liberty. Liberty means opportunity for self-expression and self-development. It guarantees, among other freedoms, the freedom of religious worship, and above all else freedom of speech. Liberty demands freedom of speech because without freedom of speech there can be no search for the truth. This search is vital to Americanism; for unless great numbers of people constantly seek and discover new truths we cannot know how to make our world a better place in which to live.

Freedom of speech includes freedom of inquiry, freedom of discussion, and, most important, freedom of education. The freedom of teachers to teach facts without bias and of scholars to learn facts without bias must never cease. Only by means of education, by knowing about all things, can we equip ourselves to search for and recognize the truth.

Never was it more necessary than now for all Americans to support their right to freedom of speech and freedom to listen and learn. We live in a period of bewildering changes. Some nations have shifted convulsively from one form of government to another overnight; others waver between various forms. We face the fact that many people, recently converted to new and

undemocratic forms of government, are eager to bring about similar changes here in America. Some of their ideas may be new to us; some may seem dangerous. Nevertheless, believing in freedom of speech for others as well as for ourselves, we must not attempt to abuse or silence them.

Believing in freedom of speech, Americans practice tolerance. Tolerance is not a feeble or a negative virtue. It means "to bear." Sometimes it is difficult to bear with opinions which seem absurd or dangerous. Yet it is necessary to do so if we are to understand them and test them with our own intelligence, make use of the good, and discard the unsuitable. Out of this clash of opinion and this experimentation comes progress toward truth. This is the first lesson in any science.

It is well for present-day Americans to remember that in America, as elsewhere in the world, some of the most sincere patriots have been abused by the intolerant of their own day, who made no effort to understand them. George Washington, as a British subject, holding ideas of liberty for the American Colonies, was abused as a traitor. The abolitionists, seeking the freedom of the slaves, were denounced as fools and crooks by those who desired democracy, justice, and liberty for themselves but not for people whose skins were of a different color. Abraham Lincoln once said: "The shepherd drives the wolf from the sheep's throat, for which the sheep thanks the shepherd as his liberator, while the wolf denounces him for the same act as the destroyer of liberty."

Our own history teaches us that great and good changes, marking advances in our civilization, have frequently resulted from ideas which, because they were new and different, were rejected by the intolerant.

We learn that the great man is that pioneer who has the foresight to make new plans and the courage to express his ideas for the use of society. We say that he is "ahead of his time." Americans, therefore, are not afraid of change. A society which does not permit change does not permit growth or improvement. It is dead.

When our American Constitution was drafted the Americans were less than 5,000,000 colonists, struggling to conquer nature in a world timed to the leisurely sailing vessel and oxcart. It was before the first steamboat. Many are the changes which inventions and discovery have since wrought. Today we fly the mails to the Orient. No longer are we a handful of isolated colonists, working with primitive tools, but a great industrialized Nation of over 125,000,000, linked to the rest of the world by radio, steamship, and plane. Today the welfare of peoples on the opposite side of the globe is of definite importance to our own welfare.

Invention and discovery have changed the life of our country. Invention and discovery will continue to bring about change. The heroic framers of the Constitution recognized this fact and made provisions for it. For they believed that change could be accomplished by means of orderly and democratic processes of government. Wise men know that the use of violence, producing chaos, is not only a savage but a wasteful, therefore stupid, means of bringing about change. Use of violence breeds more violence. If civilization is to develop, reason must take the place of brute force.

In a democracy citizens are not ruled by force and told by the State what they shall think. Americans, in their struggle for democracy, stand forever opposed to dictatorship by a person or by any special group. For dictatorship means the end of tolerance; it means the intolerant suppression, by an armed force, of democracy, justice, and liberty.

Americans realize that the ideals of democracy, justice, and liberty have not been completely attained. But we are not discouraged, for we know also that with the discovery of truths our imagination is trained, our minds learn to search for more and more truths. When the baby has learned to crawl it has not learned all that there is to know; it must yet learn to walk. To the mind of an intelligent man the horizon is always far ahead. With faith in our ideals we continue this exciting search for truths in order that we may build a better life for ourselves and our children.

True American patriotism, or a "100-percent Americanism", is a 100-percent belief in democracy, justice, and liberty. To preserve this the patriot must take an active part in the political life of the community and the Nation. For unless we meet our obligations as responsible citizens, unless we share the responsibilities of directing the activities of the State by preparing to vote intelligently, to hold public office honestly, our hard-won privileges may be lost. Only by sturdily holding to this struggle for these ideals can we defeat ignorance and tyranny and preserve democracy, justice, and liberty.

The following appears on the last page:

One thousand copies have been issued for those students awarded Americanism medals by the American Legion of New York County. This booklet is not for sale. The Legion makes grateful acknowledgment to the following citizens whose generosity has made this publication possible: For the typography, hand-set in Poliphilus and Blado, to Press of the Woolly Whale; for the text paper, Arak, to Whitehead & Alliger; for the cover paper, Kinkami, to Japan Paper Co.; for the engraving of the illustrations, to Walker Engraving Corporation; for electrotypes of the pages, to Flower Steel Electrotypes Co.; for the binding, to H. Wolff; and for the printing, to William E. Rudge's Sons.

Now, what is wrong with that? Is it wrong to be for liberty and freedom? Is it wrong to be for the things that our forefathers stood for? Is it wrong to be against dictators, and instead to be for democracy, justice, and liberty?

II

EDITORIALS AND NEWS COMMENT

The first news story that I saw concerning this was on March 25, 1936, and printed in the conservative New York Herald Tribune. The headlines in the newspaper said, as follows: "County Legion demands free speech for all." The newspaper went on to show that the American Legion posts—there are 100 of them in New York—interpreted it as a "marked liberalization of the Legion's traditional conception of Americanism", and there followed a complete story in a very friendly manner by this conservative newspaper.

The headlines of today, April 28, 1936, in the Herald Tribune are of a different tenor. They say:

Legion (this refers to National Legion) rebukes its New York group on "free speech"—Americanism head calls county committee book "distortion" of principle—Local body is near rift—Resignations threatened if pamphlet is banned.

It is interesting to note, too, that throughout the Nation the original action of the New York County American Legion in publishing this little book received widespread editorial praise from the most conservative newspapers and magazines in the United States. For instance, the Boston Evening Transcript on Friday, March 27, 1936, had an editorial entitled "Straight Shooting by a Legion Post"—although they were referring to all the Legions of New York County—and they said concerning the statements in the book "that declaration is not only true but richly significant on account of its source." Then it said as follows:

Would that all members of the joint committee on education in the Massachusetts General Court might read and ponder this potent statement of American ideals as issued under the auspices of the American Legion in New York. Would that many of the speakers who heckled and insulted the leading educators of Massachusetts during recent hearings on the teachers' oath law might receive the New York Legion's pamphlet and learn from it what is the true nature and value of America and Americanism.

On March 25, 1936, the New York World Telegram, the liberal Scripps-Howard newspaper, commented on the action of the posts. In an editorial Wednesday, March 25, 1936, entitled "Real Americanism", it said, in part, as follows:

The Legion, we believe, has seldom stood upon firmer ground.

Then, after quoting several paragraphs of the little book concerning tolerance, liberty, and democracy, the editorial said as follows:

When the Legion talks in that fashion, stemming back directly to the Declaration of Independence, it is living up to its most patriotic avowals. There is no place here for cynicism. We would honor the New York Legion for its sentiments and encourage it to defend them against any attack.

III

AMERICAN LEGION PREAMBLE

For God and country we associate ourselves together for the following purposes:

To uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a 100-percent Americanism; to preserve the memories and incidents of our associations in the Great War; to inculcate a sense of individual obligations to the community, State, and Nation; to combat the autocracy of both the classes and the masses; to make right the master of might; to promote peace and good will on earth; to safeguard and transmit to posterity the principles of justice, freedom, and democracy; to consecrate and sanctify our comradeship by devotion to mutual helpfulness.

I desire to call attention to the fact that the promise "to uphold and defend the Constitution of the United States of America" includes the Bill of Rights and freedom of speech, press, conscience, and religion for everybody.

IV

PORTIONS OF BILL OF RIGHTS AND DECLARATION OF INDEPENDENCE

(1) Article I, Bill of Rights:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof, or abridging the freedom of speech or of the press, or the right of the people peaceably to assemble and to petition the Government for a redress of grievances.

(2) Article IV, Bill of Rights:

The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

(3) Portion of the Declaration of Independence:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends it is the right of the people to alter or to abolish it and to institute new government, laying its foundation on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness.

V

THE 14 POINTS OF THE RED MENACE

Since red in itself is a sin, a logical dissertation on the effects is in order. If red should be entirely removed, however, there might be trouble. A study of the color red follows analytically for those who desire to be apprised of its evil character:

1. Congressman SROVICH, of New York, cannot wear his red carnation in the lapel of his coat. He will simply die. Florists will protest.
2. New Yorkers going hunting up-State cannot wear red flannels. Many will catch pneumonia, flu, and colds. Will help doctors and undertakers but hurt general welfare of citizens.
3. Red wines prohibited. Discrimination as to white wines. No use in going to Italian restaurants. Grape growers will protest. People will get drunk, anyway.
4. Seeing "red" will also be abolished. In this many red baiters will suffer serious inhibitions and mental maladjustments.
5. Lure of red-headed girls; handsomeness of red-headed boys to be eradicated by Federal law. Will cause importation of nonfading German dyes to make color of hair different. This will hurt "Buy American" campaign; besides, in this case, the importation will be a metamorphosis from communism to fascism.
6. Red herrings cannot be drawn across issues. This would also be a blow to red baiters. Old pals of Al Smith on Fulton Fish Market will protest.
7. Music, Red Sails in the Sunset, popular hit, no doubt subversive, communistic, atheistic, anarchistic, and other things worse, must not be allowed.
8. Children, the little dears, must be free of red stick candy. This sounds innocent, but one cannot realize how sinister candy can be. It is understood they eat red candy in red Russia, therefore we must stop it here.
9. Red traffic lights abolished; substitute color not determined; will give work to scientists. Accidents.
10. Children, in getting diplomas, must not be allowed red ribbons.
11. Red tape must be made blue; however, the change of colors will not affect red-tape psychology or human nature.
12. The high curtains in the Supreme Court, which are red, or near red, must be substituted at once. This would even shock the Liberty Leaguers, the National Manufacturers Association, and also the United States Chamber of Commerce, meeting in solemn conclave in this, our National Capital today.
13. Red ink will be abolished; and this is really good, for then there would be no depression. With only black ink the profit system would be assured ad infinitum.
14. Bulls will not get mad any more. This may cause serious difficulties in certain Latin American relations.

ROBINSON-PATMAN PRICE-CONTROL BILL

Mr. PEYSER. Mr. Speaker, I ask unanimous consent to extend my own remarks by including in the RECORD a radio speech delivered by me last Saturday night.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. PEYSER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio speech delivered by me, in opposition to the Robinson-Patman price-control bill in a joint debate, Senator BENSON of Minnesota taking the affirmative side of the debate. The address was broadcast by the National Broadcasting Co. national hook-up, Saturday night, April 25, at 7:30 p. m.:

My friends of the radio audience, I am happy for the opportunity to address you on this most important subject, the Robinson-Patman price-control bill, and before proceeding I want to thank the National Broadcasting Co. in according me the privilege of carrying my views to you. The able Senator dividing this time with me, but who is standing on the opposite side of the fence, I fear, has been enlisted in support of this measure without, perhaps, going into the disastrous results that would follow to the consuming public should this bill happen to become a law. I am most amazed that Senator BENSON should be here in support of this bill, being a Farmer-Labor Senator in our Congress, when the American Farm Bureau Federation is actively opposing the bill, as is also the National Milk Producers' Federation, both organizations consisting of a large percentage of membership enlisted from the State represented by the able gentleman from Minnesota. In addition to which the Independent Grocers' Alliance, better known as the I. G. A., comprising a membership of 20,000 independent grocers, is also in opposition to this bill.

In the short time allotted to me it is hard to cover every point involved in this very voluminous measure, and I am not going to attempt to approach the subject from a legal point at all, as I am not a lawyer. However, I am led to believe by men of high legal training that this measure, if passed, will not stand the test of court. This particular legislation was drafted by a group of wholesale grocers as a substitute for codes secured under the now extinct N. R. A., and is nothing more nor less than a price-control bill. It is not a monopoly measure. While originally conceived and launched by the group of wholesalers just referred to, its effect would be operative as against all chain stores, whether they be groceries, drugs, or five-and-ten, and, unfortunately, would also affect adversely the merchant, large or small, that might be operating only one store. I, therefore, want to approach the subject from three points of view, namely, the ill effect that it would have on all distributors of merchandise; the ill effect it would have on labor; and the higher cost of living that would be passed on to all consumers, both large and small wage earners.

First. The distributor of merchandise would be stymied in his progress for advancement of his business. His merchandising methods, no matter how sound and careful he might carry on, would be affected. His initiative, to grow from a small institution, to one of greater magnitude, would be retarded, and would simply, in reality, return us to the "horse and buggy days", developing merchants that would still illuminate their stores with kerosene lamps instead of the modern system of electrification, which indicates progress and spells safety. To illustrate, I recall a visit to a town in West Virginia 3 years ago, which was the place where I was born. A town which had grown from a population of 8,000, when I left there 40 years ago, to a city of 80,000 people today. There, to my amazement and delight, I found mercantile institutions still carried on by the original owners, or by the sons or members of the family of the original owner. This, in the face of what the proponents of the Robinson-Patman bill claim, does not occur, as their contention is that the chain stores, in all lines, is working as an octopus that will sooner or later destroy the independent dealer.

I personally visited a drug store formerly operated by a friend of mine, since deceased; the location is the same as it was 40 years ago; but, as a result of progressive methods, is still being operated by the son of the original owner, enjoying good business and making progress, and this in the face of various chain stores that have entered in competition to the original village drug store. I could dwell on this subject at great length, but on account of the limited time the illustration given below also holds good in connection with grocers, butchers, drygoods, clothing, shoes, hardware, and every line of merchandise in the town mentioned above. I feel sure my listening public know of similar conditions existing in their communities, and they would make the same report in support of the merchant that devoted his time to progress and refused to "lay down and play dead" just because a chain-operated store opened in his particular community.

I might add, at this point, that the independent merchant, large or small, that is seeking legislation of this type, will be forced to pay higher prices for his goods by reason that the person from whom he secures his merchandise will have been legislated into a preferred position.

I referred above to how labor, in my judgment, would be affected as a result of this type of legislation, as it would, I am convinced beyond any question, increase the price of goods to the distributor, and, in turn, naturally, to consumers. As a result of this, the bill would have an immediate effect on labor on account of reducing consumption. This, in turn, would reduce the volume of manufacturing, thus leading up to a reduction of the wage scale or the laying off of people employed in labor in the lines affected.

Coming now to the consumer, it has been my belief, ever since I was privileged to become a Member of Congress, that legislation is intended to be beneficial to the majority of the population of the country; and as the consuming public of the United States,

totaling 127,000,000 people, is the consuming public, naturally, if this legislation is adverse to them, it is not legislation for the best interests of the public at large, as it is the consumer who will suffer, through his pocketbook, if the Robinson-Patman bill becomes a law. Competition is going to continue, laws or no laws; and, as once stated by Henry Ford: "There is no way to limit competition. It is something that either is or is not. Barring competition is only a way of bringing in price fixing, and price fixing is not only the refuge of the inefficient man but also a stone wall across the path of progress."

The proponents of this bill, I believe, have been misled, under the delusion that legislation of this kind would result in savings for the consumer; but it is my belief that any interference with efficiency, capable management, and sound systems of fair merchandising would bring about just the opposite result. I will try to illustrate how I have arrived at this belief—which I don't think my able opponent can deny—that should this bill become a law the cost to the consumer would be increased.

Let us assume the law is in effect, and, to comply with that law, Mr. A, large manufacturer, now selling to B, C, D, and E, large department stores, or chain stores, and also selling some of his merchandise to the small corner store or suburban merchant, is forced, under this law, to distribute his goods at the same price to all dealers. What will Mr. Smart Manufacturer do? I'll tell you. He will eliminate the small dealer, who only consumes, perhaps, less than 10 percent of his product, and confine the distribution of his product to merchants B, C, D, and E, selling them all at the same price schedule in order to conform to the Robinson-Patman bill. Result: Mr. Little Dealer must seek other channels whereby to secure merchandise, from channels where the overhead of production is increased, due to the fact that that channel has no outlet through the larger merchant, who buys in large quantities.

Next result: Who will pay that additional cost? Answer: Mr. and Mrs. Consumer. That is as sure as two and two make four, and there is no law that can remove the hurdle that cannot be taken by the manufacturer to evade the operation of the Robinson-Patman act.

One other method: A group of small dealers can form themselves into a cooperative organization, in order to evade the operation of the law we are debating. Result, the independent distributor, namely the little merchant, who does not enter into this cooperative, in order to buy at quantity prices, is again sitting on the fence, paying top prices for his merchandise—and who is making up that price? Answer, the consumer.

To me it is elementary that you cannot go places, and be called progressive, if you are attempting to scuttle mass production or mass distribution. This great country of ours has progressed too far along the lines that initiative means something. When that is removed you will find that we will sink into the deep gullies of stagnation and, what was once hoped to be our goal, namely, to be the greatest country in the world, would be changed, and we would be at a standstill. There is no one that believes in progressive ideas more than I do, and there is no one that will support legislation to help advancement of this Nation more readily than I will, but, I, for one, refuse to go on record to support any legislation that I believe means a noose around the neck of the American public.

In this connection, I would like to take you back to 1934, during the closing days of the Seventy-third Congress, when the now extinct Frazier-Lemke bill was up for final passage.

At that time I spoke in opposition to the bill and expressed the belief that even though I was not a lawyer the Frazier-Lemke bill would not stand the test of court. This belief has since been justified, as the Supreme Court, about a year ago, handed down a unanimous decision declaring the law unconstitutional. At the same time that I spoke in opposition to the Frazier-Lemke bill, I expressed the belief that it would work a hardship on the farmer in connection with securing further financial assistance. That belief has also been justified, because during the time that the Frazier-Lemke bill was in effect, prior to the decision of its unconstitutionality, the financing of farms was a hardship to the agricultural citizens of this country.

I simply make this point to bring to your attention that it is my belief that the Robinson-Patman bill will follow the same course as the late lamented Frazier-Lemke bill, namely, that it will not stand the test of the court; and secondly, that it will bring a hardship to the consuming public of this Nation that I am so happy to claim as the place of my abode.

I believe further that a national law should not be passed whose objective is to prevent the economic price reduction of the essentials of life and thus, through artificial methods, increase the cost of living to the people of the United States, because I believe that the bill which we are now discussing prevents price reduction. Should the Robinson-Patman bill become a law, and I hope it never will, it is apparent to me that the retail cost to the consumer would rise from 15 to 20 percent, which would be approximately the differential between small methods of operation and large-scale manufacturing and distributing systems.

I could go on for hours, if I had the time, digging into figures, statistics, etc., to try to bring home to you the evils that would follow the passage of the Robinson-Patman bill, but I believe that I have struck the vital points involved.

In conclusion I want to say that my heart goes out to those misguided legislators who have been influenced, perhaps, by misrepresentation of results, to present such legislation; also to those that

were influenced by a misconception and induced to enter a debate in support of such legislation.

I hope the Robinson-Patman bill will not pass, because if it does, the victim will be the public, and during times such as we have been going through the public has suffered sufficiently.

I thank you.

SELECT COMMITTEE TO INVESTIGATE EXECUTIVE AGENCIES OF THE GOVERNMENT

Mr. O'CONNOR, from the Committee on Rules, submitted the following resolution (H. Res. 460, Rept. No. 2504) for printing in the RECORD:

Resolved, That the Speaker appoint a select committee of five Members of the House and that such committee is authorized and directed to make a full and complete study of all the activities of the departments, bureaus, boards, commissions, independent agencies, and all other agencies of the executive branch of the Government with a view to determining whether the activities of any such agency conflict with or overlap the activities of any other such agency and whether, in the interest of simplification, efficiency, and economy, any of such agencies should be coordinated with other agencies or abolished, or the personnel thereof reduced. The committee shall report to the House (or to the Speaker of the House, if the House is not in session) the results of its investigation, together with its recommendations, if any, for necessary legislation.

That said committee or any subcommittee thereof is authorized to sit and act during the present Congress at such times and places within the United States whether or not the House is sitting, has recessed, or adjourned; to hold such hearings; to require the attendance of such witnesses and the production of such books, papers, and documents by subpoena or otherwise, and to take such testimony as it deems necessary. Subpoenas shall be issued under the signature of the Speaker of the House of Representatives or the chairman of said committee, and shall be served by any person designated by them or either of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who having been summoned as a witness by authority of said committee or any subcommittee thereof willfully makes default, or who, having appeared, refuses to answer any questions pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102, chapter 7, of the Revised Statutes of the United States, second edition, 1878.

Mr. SNELL. Mr. Speaker, may I ask the gentleman from New York when he intends to call up this resolution just presented for printing?

Mr. O'CONNOR. Subject to the wishes of the Speaker and the majority leader, it was thought possibly it might come in after the tax bill and before the next appropriation bill is taken up. Possibly sometime this week.

Mr. SNELL. May I ask the majority leader is it expected that the Navy Department appropriation bill will be commenced this week?

Mr. BANKHEAD. That is the expectation. It is expected we will take up general debate on the Navy Department appropriation bill when we finish the tax bill.

Mr. SNELL. But perhaps this resolution will be taken up first?

Mr. BANKHEAD. Perhaps this resolution will be taken up first. We have not decided that yet. It is possible we will take up this resolution before we consider the Navy Department appropriation bill.

THE ST. LAWRENCE SEAWAY

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address I delivered this morning at the Rivers and Harbors Congress.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by me today at the Rivers and Harbors Congress:

The Brookings Institution, in a very penetrating study, recently presented the thought that the greatest bar to the return of prosperity is high prices and that the most effective way to raise the real income of the people is to reduce the cost of what they buy. At once the conclusion was challenged on the assumption that reducing costs meant reducing wages. Even the President of the United States, in his recent New York address, fell into that error.

The American people are not interested in reducing costs at the expense of the workingman, for they realize that the economic mechanism cannot function well unless the people as a whole have the means to buy all that the people as a whole produce. But the American people also know that in balancing capacity

to produce and ability to buy, reducing prices is no less important than raising wages.

To me it seems that there are three important factors that prevent a downward adjustment of costs and thereby impede the resumption of that free flow of goods and commodities between willing producers on the one hand and willing buyers upon the other, upon which stable prosperity depends:

First, taxes which absorb 25 percent of the people's income, not only taking away one-fourth of their dollars, but increasing the prices of what those dollars can buy.

Second, interest at rates inherited from the pioneer period and out of line with present income levels, computed on a volume of debt disproportionate to national wealth.

Third, increasing transportation costs that tend to lengthen the distances between areas of production and centers of consumption.

We in Minnesota are 1,200 miles from the Atlantic seaboard. Our handicap in this respect is one which can be overcome only by finding cheaper means of transportation, and thereby increasing our net proceeds from what we have to sell and cutting the cost of what we have to buy.

It is not strange therefore that Minnesota has been a pioneer in the movement for developing waterways. While I was Governor of the State, I signed a bill creating a commission to work for a 9-foot channel in the upper Mississippi. As a member of the legislature and chairman of its appropriation committee, I sponsored the first appropriation ever made for financing an organization to bring to the attention of the country the need of a St. Lawrence seaway.

The St. Lawrence project has proceeded to the point where the Governments of the United States and Canada have written a treaty in which they agree jointly to construct the necessary locks, dams, and canals. That treaty has failed of ratification in the Senate, largely because of disagreement to a provision for the diversion of Lake Michigan water which was not acceptable to interests centered at Chicago.

Chicago has more to gain from the seaway than any other city or community in the country, for it would give her virtually an ocean port and insure her dominant position in the economy of the Middle West. The seaway would make Chicago the greatest transportation center in the world. I hope and believe that a basis of agreement can be found that will make it possible for the business and political leaders of Chicago to assume the leadership in the movement to bring the Atlantic seaboard into the heart of the continent.

Another source of opposition that I hope to see removed is that of the railroads, and especially of the railroads of the West and Middle West. Let it be granted that the eastern roads would temporarily lose some tonnage. Even that loss would be more than offset eventually by the creation in the interior of a better market for those eastern products which demand fast transportation and would continue to move by rail. But to the western roads the benefits would be direct and immediate. They now carry wheat only to the lake ports and coal only from the lake ports. They would continue to carry wheat and coal, but they would carry more wheat and coal, they would move wheat into a larger market when the lower transportation cost had placed the midwestern farmer into a better competitive position with the world, and they would bring in more coal for industries supplying the needs of a more prosperous Middle West.

What the railroads need today is not so much more tonnage and more revenue—although these would be desirable—as more railroad statesmanship. A generation ago the Northwest had a railroad statesman—James J. Hill.

It has been said that the difference between a politician and a statesman is that the politician keeps an eye on the next election, the statesman on the next generation. The railroad politician keeps his eye on this year's revenues; Mr. Hill kept his on the increasing opportunities for income out of the growing tonnage supplied by expanding communities.

In 1887 a waterway convention was held at Superior, Wis. James J. Hill was there. He had operated dray wagons in St. Paul and steamboats on the Mississippi and the Red Rivers. He had bought two parallel streaks of rust stretching across the prairie and had made them into a railroad, beyond the western terminus of which the Indian still pursued the buffalo. He had extended a precarious line to the head of the Lakes. To the East lay five great bodies of water, beyond them the St. Lawrence River, and beyond it the sea. The empire builder's eyes were on that sea.

Three rocky barriers stood in the way, one at the Soo, the second at the present site of the Welland Canal, and the third at the rapids of the St. Lawrence. Addressing the convention, the great railroad man said:

"I am forced with regret, as an old steamboat man on the Mississippi River and the Red River, to turn my vision away from these rivers because, as transportation mediums, their clock has struck 12; and I must therefore turn my vision to the Great Lakes to the eastward and to the development of a vast internal and interstate commerce and transportation, which shall connect the great agricultural empire of the West with the great commercial and manufacturing empire of the East. I find that the Soo has a depth of water of only 10 or 11 feet, which is a blockade to water transportation. Give me 15 feet of water at the Soo and I will put on a line of boats on the Great Lakes carrying a burden of 3,500 tons each, and in doing this I will weld water and railroad transportation and bring costs of commerce down to the lowest possible point."

Congress appropriated money to open the blockade at the Soo, Canada dug the Welland Canal, and only the third barrier remains. If there is any pioneering spirit left in the land, it will not be long before the commerce of the Middle West will flow unimpeded to the sea and thence to the ports of the world. And if there are now any empire builders among the railroad men of the country, their voice and influence will be with us and not against us.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1937

Mr. BLANTON. Mr. Speaker, with your permission, I should like to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, after the House passed the District of Columbia appropriation bill there were 87 amendments put on the bill by the Senate, one of those amendments alone adding an increase of \$3,000,000, to be contributed to Washington out of the United States Treasury. As soon as the bill passed the Senate carrying the 87 amendments, the Senate asked for a conference and appointed conferees.

The House promptly agreed to the conference asked for and has appointed conferees. The House conferees, I might add, have always met the Senate with an open mind in a full and free conference, and have given and taken, and have always, except on one occasion, when there was a sine die adjournment without any bill, reached an amicable conclusion that apparently was satisfactory to both bodies.

This morning's Washington News prints a statement quoting the chairman of the subcommittee of the Senate, who will be at the head of the managers on the part of the Senate, and will be chairman of the conference, that concerning the Senate's 87 amendments to this bill the Senate will waste no time in conference with the House conferees, but will insist on their changes, and if the House conferees will not agree, the Senate will pass a "continuing resolution", which would carry with it the \$5,700,000 Federal contribution to the District. Likewise the Washington Times today quotes the chairman of the Senate subcommittee, who will be chairman of the conference, as stating that "the Senate will stand pat", and assured the city that Washington would get the \$5,700,000 contribution from the United States Government, stating if the House conferees did not agree to it the Senate would pass a continuing resolution which would carry it, so that in either alternative there would be a Federal contribution of \$5,700,000 to the District.

I am hopeful, Mr. Speaker, that the chairman of the Senate subcommittee will deny that he authorized the press to make these assertions of fact, for the Washington newspapers should understand that if no bill should be agreed upon the House of Representatives will have just as much say as will the Senate about what would be embraced in a continuing resolution and could refuse to pass anything if it so desired. I happen to know, Mr. Speaker, that a majority of the Members of the House of Representatives are not in favor of allowing one dollar of Federal contribution from the United States Treasury to the District, and if the Senate arbitrarily should refuse to agree upon an annual supply bill unless the House of Representatives bowed down to its will and granted a Federal contribution of \$5,700,000, it might be when the House was called upon to pass a continuing resolution that it might provide therein that there shall be no Federal contribution whatever to the District of Columbia for the fiscal year ending June 30, 1937.

During my service here, Mr. Speaker, this is the first time I have ever witnessed the chairman of a conference allowing the press to quote him as saying that if the managers of the House did not agree to demands of the Senate there would be no appropriation bill, but that the Senate would get all it wanted through a continuing resolution. I know that the House conferees are willing to meet the Senate conferees in a full and free conference, but they are not willing to be bulldozed.

The Speaker has been here longer than I have. I should like to know whether there is any precedent for that kind of a stand between the two Houses of equal standing and importance, relating to the comity that should exist between the two Houses.

The SPEAKER. The Chair will state that he knows of no precedent and he hardly believes there is one. The Chair would suggest to the gentleman that rather than take a newspaper account he should communicate with the chairman of the committee. Of course, any conference between the two Houses will be expected to be a full and free conference.

Mr. BLANTON. Certainly; and they always have had a full and free conference.

The SPEAKER. Otherwise, if that is not true, there is no object in having a conference.

Mr. BLANTON. And the House conferees have no intention otherwise than to meet the Senate conferees in a full, free, and fair conference, in a conscientious attempt to adjust the differences between the two Houses, but if the House conferees are expected to go into the conference, under such circumstances as are indicated in today's papers as coming from the chairman of the Senate conferees, where they were expected to accept all of the 87 Senate amendments, such a conference would be futile.

The SPEAKER. The Chair will state to the gentleman that that matter can be determined after the first conference has been held.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BANKHEAD. Has the gentleman reached the point where he believes everything he sees in the newspapers?

Mr. BLANTON. I know that this has come to me in several papers lately, but not so arrogantly expressed as in this morning's papers. But I want to make this statement, if the House will allow me: The responsibility of handling this bill was thrown upon my shoulders. I did not ask for it. I did not want it. It is hard, grinding work. It is an unpleasant task. Any Member who handles this bill, and performs his duty, will be unjustly criticized and abused and attacked by Washington newspapers. If I would go along with the local press, and agree to everything they want in Washington, they would play me upon the front pages as a great statesman, and a wonderful gentleman; but I will not do that, and because I will not let them rob our constituents I get this criticism from them daily.

I want to mention, Mr. Speaker, just what goes with and follows this responsibility. In the Washington Herald yesterday it was stated that the Washington plutocrats who do not like the House bill are taking up a collection in Washington now to spend as a campaign fund to try to defeat me for reelection because I have stood in their way. Defeat me for what? Because I handled the 83-page appropriation bill, which after 3 days' debate passed the House without a single amendment, and on a record vote only 26 Members voted against the bill. It must have suited the Members of the House of Representatives else they would have voted against it.

But because I have made a strenuous fight to keep communism out of the Washington schools, and would not agree to make a contribution of \$5,700,000 to the District out of the United States Treasury, the Washington plutocrats are taking up a collection for a campaign to try to defeat me. This has happened to every single chairman this committee has had for 50 years. Consult Mr. Ben Johnson, of Kentucky, our Democratic chairman, or the gentleman from Nebraska, Mr. Simmons, who ably represented the Republicans as chairman of this subcommittee, and all the other chairmen, upon whom they made such an unholy fight simply because they were carrying out the expressed will of the House.

This is all I care to say, Mr. Speaker, except that your conferees are going to do their duty.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, the permission I had to extend my remarks on the District of Columbia appropriation bill expires today. On March 23, 1936, I obtained permission of the House to date such remarks on Friday, March 27, 1936. I have been delayed in getting some necessary data from different bureaus of the District government which I

wanted to use, and it will be next Friday before I get some of the data. I therefore ask unanimous consent that the permission granted me be renewed so that my extension of remarks may be dated next Friday, May 1, 1936.

The SPEAKER. Is there objection to the gentleman from Texas extending his remarks on the District bill as indicated? There was no objection.

THE REVENUE BILL OF 1936

Mr. DOUGHTON. Mr. Speaker, I submit the following unanimous-consent request which I send to the Clerk's desk and ask that the Clerk may read.

The Clerk read as follows:

I ask unanimous consent that in the engrossing of the pending bill (H. R. 12395), the Clerk of the House be authorized:

(1) To make such changes in the table of contents as may be necessary to make such table conform to the action of the House in respect of the bill;

(2) To make such clerical changes as may be necessary to the proper numbering and lettering of the various portions of the bill, and to secure uniformity in the bill in respect of typography and indentation; and

(3) To amend or strike out cross-references that have become erroneous or superfluous, and to insert cross-references made necessary by reason of changes made by the House.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12395, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, may I inquire how much time remains on each side?

The CHAIRMAN. The gentleman from Massachusetts has 20 minutes remaining and the gentleman from North Carolina has 19 minutes remaining.

Mr. TREADWAY. Mr. Chairman, I am sorry the time remaining under my control is so brief, but I shall devote it to replying to many inaccurate statements made by majority members of the Committee in endeavoring to explain this legislative jargon of words and figures.

At the outset, let me say that I am absolutely opposed to increasing the present tax burden by any kind of a tax bill until the administration's wild orgy of expenditure has been stopped. Every dollar of unnecessary expenditure saved means a dollar of new taxes avoided. Do not forget that.

It is not giving the taxpayers of the country a square deal to keep piling on new taxes to fill the pockets of the administration's spendthrifts and "boondogglers." The taxpayers are entitled to value received for their money. If waste and extravagance were eliminated, present taxes doubtless would be sufficient to carry the load.

There are three ways to balance the Budget: First by imposing new taxes sufficient to meet expenditures; second, by reducing expenditures to meet existing tax revenues; and third, by a combination of reduced expenditures and increased taxes. The first course is absolutely out of the question, as it would necessitate doubling the present burdensome taxes. The people could not stand it and it would prolong the depression indefinitely. The second course, if strictly applied, might result in impairing the normal and necessary functions of government. Hence, the third course seems most desirable.

Expenditures can be reduced several hundred millions of dollars simply by eliminating waste. Hundreds of millions more can be saved by eliminating unnecessary and foolish expenditures. More millions can be saved by eliminating useless offices and bureaus, with their thousands of high-salaried political appointees. Still more millions can be saved by requiring the Democratic political campaign to be

financed by the Democratic National Committee, rather than by the Federal Treasury.

If after expenditures have been reduced to a reasonable minimum by eliminating waste and extravagance, it is found that further taxes are needed, then is the time to come forward with a tax bill—not now.

Mr. Chester T. Crowell, former special assistant to Secretary of the Treasury Morgenthau and an ardent New Dealer, in his recent pamphlet entitled "Recovery Unlimited", states that in his opinion higher taxes would not result in balancing the Budget, but would more than likely have an opposite effect. He estimates that the present tax structure, on the basis of 1929 conditions, would yield a revenue of close to \$8,000,000,000, and concludes that the only way for the Government to increase its revenue is by business recovery. That, in my opinion, is sound doctrine. We must not forget that in taxation, as in other things, there is a point of diminishing returns. The present tax structure is more than ample if the Government would let business alone in its march toward recovery.

Before proceeding to a discussion of the bill I want to correct one statement that is repeatedly made on the floor of this House in regard to the Budget. We constantly hear it stated that the ordinary or regular Budget is balanced. The claim is made in behalf of this bill that it will balance the regular Budget. In this connection I want to quote from the testimony of the Director of the Budget, Mr. Bell, before the Ways and Means Committee. Mr. Bell was called before the committee at my request, and I asked him numerous questions about the present Budget set-up, particularly whether there was any authority in law for setting up an ordinary Budget and an extraordinary Budget. His reply was:

There is no such thing in the United States as an extraordinary Budget. * * * We have no such thing in the United States Government accounting set-up.

I hope this sets at rest any further talk on this floor about balancing the regular Budget, because there is no such thing. We have only one Budget, and it has been from three to four billions of dollars in the red ever since Mr. Roosevelt took office, and there is no likelihood of any change at any time in the near future.

The pending measure is no more serious an effort to balance the Budget than was the President's share-the-wealth bill of last year. It causes the country to wonder what has become of the pledge in the Democratic platform calling for a balanced Budget, which Candidate Roosevelt accepted 100 percent. It brings to mind the statement which Mr. Roosevelt made in his economy message of March 10, 1933, that "too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy" and the further statement in the same message that for 3 long years the country had been on the "road to bankruptcy."

It will be recalled that in his economy message of March 10, 1933, Mr. Roosevelt said that if the economies therein suggested were carried out—

* * * There is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures of the Government.

What happened? By the end of the following fiscal year of 1934 expenditures had increased nearly \$2,000,000,000 as compared with 1932 and there was a deficit of nearly \$4,000,000,000.

In his Budget message of January 3, 1934, Mr. Roosevelt said:

My estimates for the coming fiscal year (1935) shows an excess of expenditures over receipts of \$2,000,000,000. We should plan to have a definitely balanced Budget for the third year of recovery (1936) and from that time on seek a continuing reduction in the national debt.

What happened? The actual deficit for 1935 was three and a half billions, and the revised Budget for 1936, instead of being in balance, as promised, will probably show a deficit of around \$4,000,000,000.

In his Budget message of January 3, 1935, the President made no promise of a balanced Budget. He merely stated that—

The country will henceforth have the assurance that with the single exception of this item (work relief), every current expenditure of whatever nature will be fully covered by our estimates of current receipts.

Last September he said:

The 1937 Budget is being prepared with a view to sharply decreasing the spread between income and outgo.

In his Budget message of last January the President gave up all hope of setting a definite date for a balanced Budget. The most he could say was—

We approach a balance of the National Budget.

The fact is, however, that we are not approaching a balanced Budget. It is not balanced for the current year, and will not be balanced for 1937. Deficits are increasing instead of decreasing, and the deficit for 1936 or 1937, depending upon which one carries the bonus payment, will reach a new high. Deficits are increasing in spite of increased taxes and increased receipts from old taxes. The increase in expenditures is not wholly due to recovery and relief items. The regular, permanent expenditures increased from \$2,800,000,000 in 1934 to \$3,100,000,000 in 1935, and the Budget estimates indicate further increases to \$3,600,000,000 in 1936 and \$5,600,000,000 in 1937.

Thus it is evident that not only are reduced expenditures necessary from the standpoint of national solvency but from the standpoint of saving the taxpayer from a crushing burden of taxation, or from uncontrolled inflation, which, of course, is just another and more invidious form of taxation.

I repeat that I am opposed to any kind of tax bill until the administration's waste and extravagance have been stopped, but I would be opposed to this particular bill under any conditions.

It is the most unsound and discriminatory tax legislation I have ever seen proposed in my 23 years' experience as a Member of Congress, and it will have economic effects which are dangerous and far-reaching. It violates all principles of taxation, which is naturally to be expected from a measure which is not a tax bill to begin with. On the contrary, it is but a further effort to regiment business under the Federal taxing power along the lines proposed by that revolutionary-minded college professor, "brain trust" extraordinary, exponent of planned economy, and enemy of American ideals and institutions—Rexford G. Tugwell.

The majority report on the measure is so cleverly worded as to make it appear that the proposed plan of taxation is simply a slight amendment of the existing scheme. It is not that at all. Rather, it completely revolutionizes the present corporate-tax system. It abolishes the present corporate income tax of 12½ to 15 percent; it abolishes the capital-stock and excess-profits taxes; it abolishes the special taxes on improperly accumulated surpluses; all of which are tried and proven.

In place of these taxes it sets up a scheme for forcing the distribution of corporate earnings to stockholders. This is done by exempting corporations from any tax on their earnings where such earnings are wholly distributed and by taxing the entire income where any portion is retained, the rate increasing in amount as the proportion of the earnings retained to total earnings increases.

At this point I want again to refer to the method under which this has been done. It is estimated that we are doing away with \$1,132,000,000 of assured revenue and are substituting for that an uncertain revenue from a new and untried source. One man—the Treasury Actuary—has made up the estimates of revenue to be raised by this measure. So far as I know he is a good Actuary, but where you ask one man to take the responsibility of submitting figures for the basis of the system, I say it is a mistake of the worst kind, I do not care how good the Actuary may be. I never saw the man until he came before the committee; but this, of course, is nothing against him. At the same time, however, the Ameri-

can people are entitled to check up on one man's figures when more than \$1,000,000,000 of certain revenue is cast aside.

The gentleman from Washington [Mr. SAMUEL B. HILL], in his remarks the other day, made some reference to past proposals to tax undistributed income. The important thing to remember in connection with these proposals is that they have always been rejected as unworkable and unsound. Now, however, a proposal more vicious in its effect than any previous proposal is favorably reported to the House. But, thank Heaven, there is already some evidence that when this radical, unsound, and economically dangerous proposal has been "rubber stamped" by the Democratic majority in this body it will receive a rather thorough overhauling in another body, and we will not be able to recognize it when it comes back. At least I hope that will be the case.

Mr. Chairman, I have reason to believe that there is not a Member of this House who does not have the highest respect for the judgment of our congressional tax expert, Mr. Parker. His opinion on tax matters is held in equally high esteem in the other body. His reputation as a tax expert is Nation-wide, and certainly his views on tax matters are entitled to the most careful and serious consideration.

Now, Mr. Parker has certain views regarding a tax on undistributed corporate income which he has expressed in the past. These views were not with respect to a proposal as radical as the present one, but with respect to less vicious forms. I do not wish to embarrass Mr. Parker by quoting his views at this time when he has worked so valiantly trying to help the majority write some kind of bill in accordance with the President's suggestions; but, of course, it must be remembered that he was not consulted at this time with respect to the policy involved in the present proposal, but was only acting under orders, just as Mr. Beaman, our able drafting expert, was doing.

In 1927 Mr. Parker made a very intensive study of our income-tax system and submitted a report to the Joint Committee on Taxation with respect to a number of matters. One section of this report touched upon the possibility of enacting a tax on undivided profits, and here are Mr. Parker's views regarding such a tax. I quote from page 54 of volume I of the Reports of the Joint Committee on Taxation:

The most obvious objection to such a tax is the burden which it places on legitimate and proper business expansion. As a business expands not only does its plant and property increase but a larger working capital is required and it is desirable that reasonable accumulations of profits necessary for the expansion and stability of corporations should not be unduly burdened. * * * It is believed that a tax on the total accumulation of profits by corporations is not desirable, because in many cases it might cause the making of unwise distributions and prevent the accumulation of a reasonable and proper surplus.

Now, these are very real objections to a tax on undistributed income which Mr. Parker sets forth here. The gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from Washington [Mr. SAMUEL B. HILL] do not seem to attach much weight to the evidence of practical businessmen who testified against the proposed plan during the hearings. The testimony of practical people seems to be obnoxious to them. Perhaps they will attach some weight to the evidence of Mr. Parker, which I have just quoted. They cannot accuse him of having any selfish interest in the matter.

Let me call your particular attention to the failure of our Democratic friends to appreciate the word used by the gentleman from New York [Mr. WADSWORTH] last week. The gentleman from New York stated that he had looked through all the addresses of the President and those in authority with him but that he failed to find the word "thrift" mentioned. I recommend a study of the word "thrift" to the Democratic majority before they try to put this blooming bill into operation.

I want now to pass to another interesting subject, namely, that of simplicity. Yesterday the gentleman from Kentucky [Mr. VINSON], who was brought forward on the Democratic side to prove that the moon is made out of green cheese, argued how simple this was, that even a man with

as little brains as the gentleman from Massachusetts now addressing you could understand it if he wanted to. I thank the gentleman, but I neither want to understand it nor can I understand it. When the gentleman from Kentucky finished trying to prove how simple it was, he had succeeded in convincing the House that it was even more complicated than had been supposed.

The gentleman said that we looked through the bill trying to find an algebraic formula and were disappointed in not finding it. Our only disappointment was that the formula considered in the committee was so much plainer and simpler than the tables presented in the pending draft of the bill.

This is a bill for simplification, because that is the instruction from the President of the United States. I quote his language:

Such a revision of our corporate taxes would effect great simplification in tax procedure, in corporate accounting, and in the understanding of the whole subject by the citizens of the Nation.

These are the words of the President with regard to this measure on which we are acting now. An understanding of the whole subject by the citizens of the Nation; even those with less brain power than I have, gaged by the gentleman from Kentucky, would be able thoroughly to understand it.

To get back, however, to this algebraic table on page 792 of the hearings, a gentleman by the name of Fernald was on the stand before the committee in an evening session.

In the course of his testimony he was interrogated by the gentleman from New York [Mr. CROWTHER], who asked permission of the Chairman to insert in the RECORD what had been stricken out in the final draft of the report of the subcommittee. That was on the 25th of March that this confidential draft was handed to the subcommittee. I do not know who prepared this table, and I do not think it makes much difference. Like Topsy, it just grew up; but when we got a final proof of the subcommittee's report, this algebraic table did not appear in it. However, the gentleman from New York [Mr. CROWTHER] inserted this table, and I want to read it, because it is so simple. It is the simplest thing I ever saw. It is as follows:

If the percentage which the undistributed net income is of the adjusted net income is not one of the percentages of the adjusted net income shown in schedule I or II, then the rate of tax shall be proportionate, being interpolated by the straight-line method:

That is, by the formula—

$$x = \left[\frac{a-b}{c-b} \times (e-d) \right] + d$$

There is the table which my good friend from Kentucky and his associates say is so simple. They say that all you have to do is to read the figures. Professor Einstein would probably say the same thing about his theory of relativity.

Mr. VINSON of Kentucky rose.

Mr. TREADWAY. I would prefer not to yield. I just want to confirm the gentleman's simplicity. That is all I am doing. If anyone thinks it is so simple, as the gentleman says, let them just glance over the tables with the interpolations that appear with them under schedules I, I-a, II, II-a, and III.

Mr. Chairman, it takes 16 pages to describe what in the present law is contained in 16 lines, which are stricken out. It is plain enough. They have substituted 16 pages for 16 lines. Of course, it is awfully simple. But I want to suggest a little matter of advice to my good friend from Kentucky. Perhaps he is correct, and I would not be sure he is, but I hope he is for the sake of the accuracy of the Democratic majority around here. My advice to that gentleman is that as soon as this bill becomes law, and he admits he understands the ramifications of this simplicity, he resign from Congress, as much as we would miss him, and hang out his shingle as a tax expert under the 1936 act. Why, clients would clog the streets, and there would be more clients come to his office than are trying to get into some of these picture shows downtown on a Sunday afternoon. My gracious, why he would waste his energies around here is not understandable to me, and knowing his good judgment, I am sure we are going to have a vacancy in the

delegation from Kentucky when he sets out the simplicity of this law for the thousands of clients who would follow around in his wake to make out their next return as covered by some of these 16 pages of simplicity or explanation worked out from an algebraic formula. It is a good while since I studied algebra. Fortunately, I shall not have much of an income tax to pay next year, anyhow. The Democrats have taken all of the prosperity out of my line of business; therefore I will not have to study up or employ the gentleman, although I do believe in view of the advertising I am giving him I might get a free income-tax report made up.

Mr. VINSON of Kentucky. I will do my best for the gentleman.

Mr. TREADWAY. I thank the gentleman. I thought it was deserving of that much consideration, anyway.

Now let us compare, for a moment, the method of computing the tax under the present law and under the pending bill. We will start with the net income of the corporation, because both measures require the same adjustments in gross income up to that point.

The existing rates of corporate tax are set forth on page 14 of the comparative print of the bill in exactly 16 lines. It is all a very simple operation. The corporation applies a flat rate of tax to its net income.

The new scheme requires 16 pages in which to set forth the complicated rate structure, including the so-called relief provisions. Sixteen pages as against 16 lines. But that is only the beginning. Instead of applying a fixed rate to its net income, here is what a corporation has to do under the proposed bill.

After determining its net income, as under existing law, it must next compute its "adjusted net income" as defined. Then it must determine its "undistributed net income", which is defined as the "adjusted net income" minus the sum of the "dividend credit" provided in section 27 and the tax. The tax is imposed upon the "adjusted net income", but the rate of tax is fixed by the percentage which the "undistributed net income" bears to the "adjusted net income." All very simple. You cannot figure the tax until you know what the "undistributed net income" is, and you cannot figure that until you know what the tax is.

The examples of how the tax works out, as set forth on page 6 of the majority's report, are very much oversimplified. Even then they are very confusing, particularly examples 2 and 3, which I shall insert at this point.

Example 2: A corporation has an adjusted net income of \$100,000. It has as yet declared no dividends, but it decides that it wishes to retain \$22,500 net in surplus (in undistributed net income). The percentage of undistributed net income to adjusted net income is, therefore, 22½ percent. Since the rate of 22½ percent does not appear in schedule II, it is necessary to apply the rule immediately following the table in that schedule. This rule states that if the percentage is more than 20 and less than 30 that the rate of tax will be 9, plus six-tenths of the amount by which the percentage which the undistributed net income is of the adjusted net income (22½ percent in this case) exceeds 20. Applying this rule the rate of tax will be 9 plus six-tenths of 2½, or 10.5 percent. Then the amount of the tax will be 10.5 percent of \$100,000, or \$10,500, and the balance of the adjusted net income (\$100,000 minus \$22,500 minus \$10,500) or \$67,000 must be paid in dividends.

Example 3: A corporation has an adjusted net income of \$20,000. It has as yet declared no dividends, but it decides that it wishes to retain \$2,000 net in surplus (in undistributed net income). The percentage of undistributed net income to adjusted net income is, therefore, 10 percent. In such a case the corporation computes a tax under schedule II and under schedule III and is subject to whichever tax is the lesser. The schedule II tax is readily determined from the rate table included in that schedule. The rate for an undistributed net income of 10 percent of the adjusted net income is 4 percent. Then the tax under schedule II is 4 percent of \$20,000, or \$800. Therefore the dividend credit is \$17,200. The tax is now computed under schedule III. A tax is first computed under schedule I on the whole \$20,000 of adjusted net income. With 10 percent retained the rate is 1 percent and the tax is \$200. To this tax is added a tax under schedule II computed on the amount by which the adjusted net income (\$20,000 in this case) exceed \$10,000. This excess is \$10,000 and the rate under schedule II for a 10-percent retention is 4 percent. Then this added tax is \$400. The total tax under schedule III is, therefore, \$200 plus \$400, or \$600. But the tax under schedule II alone was \$800, therefore, the taxpayer will have his tax computed under schedule III since that tax is the lesser—\$600

as compared with \$800. The effect of taking the tax computed under schedule III is to permit the \$200 tax saving to be retained as surplus free of tax.

Example no. 1 can be ignored entirely, because there will hardly ever be a case where the undistributed net income of a corporation is an exactly even percentage of the adjusted net income. However, let us consider example no. 2 for just a moment. I say it is oversimplified. In the first place, it assumes that the undistributed net income is the amount retained in reserve. That is not what the proposed statute says. According to section 13 (a) (2), the "undistributed net income" is the "adjusted net income" minus the sum of the dividends paid and the amount of tax computed under the rate schedule. The tax, however, cannot be computed under either schedule I or schedule II without resort to algebra or some other form of higher mathematics, because you must deal with two unknown quantities, namely, the amount of dividends that will be available for payment and the amount of the tax. Under example 2 it is merely an assumption to say that because \$22,500 is the amount to be retained it is also equivalent to the undistributed net income. This can be easily proven. Suppose the company wanted to retain 70 percent, or \$70,000, under the example given. In applying the interpolative formula under schedule II, if the amount were regarded as the undistributed net income it would result in a rate of 55 percent being applied to the net income, although no rate higher than 42½ percent is actually contemplated by the bill. A corporation with \$100,000 net income could not have a higher undistributed net income than \$42,500 under section 13 (a) (2). This proves that the method adopted in the example of working out the tax is erroneous, false, and misleading. It also shows why algebra must be used to get a correct answer under the definition of "undistributed net income" under section 13.

The only way the tax can be worked out according to section 13 without resorting to algebra is under schedules I-a or II-a, which are based on the amount of dividends paid rather than on the amount of reserves. However, these schedules are of little value where the corporation's dividend policy cannot be decided upon until after it has set aside the reserves it desires and has ascertained the tax that will have to be paid.

The same fallacious assumption regarding the undistributed net income is made in example no. 3. It also oversimplifies the computations. It is a case where the corporation has \$20,000 net income, and therefore comes under schedule III. In example no. 3 it is assumed that the corporation wishes to retain \$2,000 in surplus. The report of the majority states:

The percentage of undistributed net income to adjusted net income is, therefore, 10 percent.

This is merely an assumption, and is not worked out in accordance with schedule III, which provides as follows:

If the adjusted net income is more than \$10,000 and less than \$40,000, the tax shall be computed by adding:

(A) A tax computed under schedule I: For such purpose the percentage which the undistributed net income is of the adjusted net income shall be ascertained by subtracting from the adjusted net income the dividend credit and a tax determined under schedule II or II-a; and

(B) A tax upon the amount of the adjusted net income in excess of \$10,000 at the rate which would be applied if the tax upon the entire adjusted net income were being computed under schedule II: For such purpose the percentage which the undistributed net income is of the adjusted net income shall be ascertained by subtracting from the adjusted net income the dividend credit and a tax determined under schedule II or II-a.

Example 3 completely ignores the definition of undistributed net income set forth in this schedule, which is applicable to all cases where the net income is between \$10,000 and \$40,000. Under paragraph (A) of schedule III, it will be noted that for the purpose of computing the tax under schedule I the percentage which the undistributed net income is of the adjusted net income is to be ascertained by subtracting from the adjusted net income the dividend credit and the tax determined under schedule II

or II-a. The same provision is made in paragraph (B) with respect to the calculation made under its specific terms. These computations are not made in example 3 of the majority's report, and the reason is quite obvious. To have done so would have shown up the bewildering complexities of the bill even more.

All the examples given in the majority's report are deliberately oversimplified and do not follow the specific terms of the bill. Hence they are misleading, and the application of the methods therein used will result in erroneous computations in other cases.

There has been much joking and criticism of the complexities of the present law, but apparently we have heretofore only scratched the surface. For the first time in history, we have tax rates that run into nine decimal places. Under schedule II-a, for example, if a taxpayer's dividend credit equals 87 percent of his adjusted net income, his tax is 3.71428571 percent, which he must apply to a net income, say, of \$41,267.43. More than likely the ratio of dividends to net income will be something like 84.42163167, and then he will have to find the rate of tax himself by following one of the interpolative formulas. I quote the applicable formula from page 23 of the bill:

If the dividend credit is a percentage of the adjusted net income, which is more than 71 and less than 86 (and such percentage is not shown in the foregoing table), the tax shall be a percentage of the adjusted net income equal to the sum of 4, plus one-third of the amount by which 86 exceeds the percentage which the dividend credit is of the adjusted net income.

The complex provisions of the proposed statute will cause more mistakes to be made in making out corporate tax returns than all prior acts put together. It will truly be a "trap for the unwary" and penalize the poorly advised. It will cause endless confusion and bewilderment and in the end fall of its own weight. So much, then, for "simplification."

Now, I would like to make just one or two other comments in my remaining time, which is short. If the bill had been a little more simple I would have had a lot more time to discuss it. I have a few remarks, however, I want to make in reference to some of the statements made by my other associates on the committee, particularly the chairman of the Ways and Means Committee. He started out, it will be recalled, when he opened the debate on the bill by stating that the proposed tax would provide a "more equitable system of taxation" and added that it was based upon the principle of "ability to pay."

Of course that is as ridiculous a statement as the one made by the gentleman from Kentucky [Mr. VINSON] when he spoke about simplicity. There is no equality in the bill, and the principle of ability to pay is ignored entirely. How can there be equality, when as between two corporations with identically the same income one may pay a tax as high as 42½ percent under the bill, and the other may go scot free? That is a question perhaps he can answer, but I cannot.

Where does the principle of ability to pay come in when a corporation with a \$1,000,000 income, which has a large existing reserve, is allowed to escape the proposed tax entirely by distributing its earnings, while a small company with a \$10,000 income must pay a tax of 29½ percent because as a matter of good business judgment it must withhold all of its earnings from its stockholders.

Or compare the large, well-financed corporation with the small corporation burdened with debt. The big company can avoid the tax entirely by paying its current earnings to stockholders, but the debt-burdened corporation, which by all standards of fairness and equity has the least tax-paying ability, is forced to contribute 22½ percent of its earnings. And yet the gentleman from North Carolina dares to get up on this floor and without cracking a smile say that this unjust and arbitrary tax is based upon the principle of ability to pay.

The gentleman from North Carolina contended in his remarks the other day that the present law discriminated against stockholders with small incomes. It seems to me I

recall the President having said something about this in his message, about the present law dipping too deeply into the shares of corporate earnings going to stockholders "who need the disbursement of dividends." I wonder if either of these distinguished gentlemen have ever taken the trouble to determine just how much the proposed tax may take out of the share of the small stockholder before he receives his dividend.

Under the present law, of course, corporations are taxed from 12½ to 15 percent on their net income, but when a dividend is declared to the stockholders it is not subject to the normal income tax but only to the surtax. Under the measure proposed by the President and so earnestly sponsored by the gentleman from North Carolina, this same small stockholder may have his proportionate share of the corporation's earnings reduced by as much as 42½ percent, and his share of the remaining 57½ percent of the earnings, when later distributed in dividends, will be subject to a further tax of 4 percent in his own hands. That is what this bill does for the small stockholder. If this small stockholder has shares in a debt-burdened company, his share of the earnings may be reduced by 22½ percent plus the 4-percent normal tax when later distributed.

I want to quote another remarkable statement of the chairman of the committee. In concluding his remarks the other day he said:

I say you cannot challenge the statement truthfully and successfully that this bill is based upon fundamental justice and that any burdens imposed by this law will be placed where they impose the least hardship.

I very emphatically challenge that statement, Mr. Chairman. There is no justice in a bill that oppresses the weak and favors the strong, which confers a benefit of tax exemption on the large and oppresses the small. I cannot see how the burdens imposed by the bill are placed where they impose the least hardship when the corporation burdened with debt is forced to pay a tax of 22½ percent or more and the corporation with adequate reserves is enabled to go tax-free. I cannot imagine what the gentleman from North Carolina is thinking about when he makes such statements as he has made concerning this unjust and unsound bill. He is simply demonstrating that he does not know anything about it, because if he did he would not make such statements. Certainly he can see these facts as I have presented them, and I defy anyone to challenge them.

The oppressive character of the rate structure of the bill is hidden in the manner the tax is applied. Where the entire net income is distributed to stockholders no tax is imposed. If that is to be the case, then it would seem that any part of the net income which was distributed should also be tax free. But it is not. Let us consider, for a moment, the rates in schedule II. If a corporation with \$100,000 income retains \$10,000, 10 percent of its earnings, it is taxed 4 percent on the whole \$100,000, or \$4,000, which is in fact 40 percent of the amount retained. Thus we see that the 4-percent rate is in fact a 40-percent rate. If this same corporation desires to retain \$10,000 more, its tax will be \$9,000, which means that it pays \$5,000 additional to retain an additional \$10,000. If it retains \$30,000, its tax will be \$15,000, or 50 percent of the amount reserved, and it will have paid an additional \$6,000 in tax to retain an additional \$10,000 of reserve. If it retains \$40,000, the tax will be \$25,000, and it will have paid an additional \$10,000 in tax to retain an additional \$10,000 in reserve, or dollar for dollar. The \$25,000 tax is 62½ percent of the amount retained. In no case can the corporation retain more than \$57,500, because the tax on \$42,500 will consume the balance of the income. Hence it is idle to talk about a 100-percent retention. This 42½-percent tax on a \$57,500 reserve is equivalent to a rate of approximately 77 percent.

It has been said that a corporation with \$10,000 net income can retain up to 40 percent of its earnings without paying any more than it does at present, while a corporation with larger earnings can retain up to 30 percent without paying more tax than now. This is not true if the stockholder is

taken into consideration, because he will be subject to the 4-percent normal tax which he does not now pay.

This brings to mind another remarkable statement made by the gentleman from North Carolina which I desire to challenge. In his remarks the other day he said:

There is no intention or desire whatever to interfere with the internal management of business enterprises. The object of this revenue measure is not to tell corporate managements what proportion they shall retain.

Now, that is a very naive statement. It is not original with the gentleman but was taken, word for word, from the statement of Commissioner Helvering before the committee, as found on page 22 of the hearings. Of course, there is no intention not to interfere with the internal management of business enterprises—not much! There is no intention to compel a corporation to distribute its earnings, yet coercive taxes are imposed to bring that result about. There is no intention of telling a corporation how much reserve it can build up, but if it has an income of more than \$40,000 the most it can possibly retain is 57½ percent, because the 42½-percent tax will take the balance. There is no intention to influence a corporation's dividend policy, but if it declares out all of its earnings it is rewarded by complete tax exemption. I am surprised that intelligent gentlemen would get up here on this floor and seriously state that this bill does not interfere with corporate management.

What is a corporation going to do when it comes to deciding its dividend and reserve policies? The decision of its board of directors, which should be controlled solely by sound business judgment, will be influenced and largely determined by the tax imposed by this bill. The bill holds out a seductive inducement to improvident management and it penalizes prudent management. At the same time, by allowing well-financed corporations complete tax exemption, it will induce their smaller competitors to follow a loose fiscal policy in order to minimize their tax so as to be able to compete on equal terms. This will lead the small companies into bankruptcy and give the larger companies a monopoly.

I need hardly stress the importance and necessity of adequate reserves to business institutions and their employees. They bear the same relation to a corporation as a savings account bears to an individual. They have been called the "life insurance policies of business." The value of reserves as a stabilizing factor has been amply demonstrated during the depression.

The earnings which wise and prudent corporations put aside in good times to carry them over hard times enabled thousands of businesses to continue which otherwise would have failed. They enabled millions of employees to be retained at their jobs who otherwise would have been without work. They enabled stockholders to receive a steady income when they needed it most. We can be thankful that the tax scheme now proposed was not in effect during the prosperous days, because it would have forced or induced business institutions to pay out their earnings and they would have had nothing left for the "rainy days" that were to come.

The contribution made by business from these reserves for recovery and relief purposes was tremendous. The Department of Commerce estimates that in the 5-year period from 1930 to 1934, inclusive, income paid out in the United States exceeded income earned by nearly \$27,000,000,000, which is several times what was spent by the Federal Government in the same period.

We have heard a great deal from the present occupant of the White House about economic stability, social security, and so forth. This measure runs at cross purposes with these objectives, because by discouraging providence and thrift it will accentuate the peaks of boom times and increase the adversity of hard times. By the same token, it will make the Federal revenues more unstable.

The gentleman from North Carolina [Mr. DOUGHTON] stated that the proposed tax "provides a basis for an excellent and productive permanent revenue measure." Does he not know that one of the prime requisites of a sound tax, aside from equity and fairness in its application, is stability

of revenue. The income tax is already unstable, since we only collect the tax when the taxpayer, individual or corporate, has income. This measure would make the tax revenues more unstable, since we would collect more in prosperous times and there would be less income to tax in hard times.

One of the most objectionable features of the proposed tax is that it oppresses corporations with debts, while lifting the tax load from financially strong companies. If there is any justification for making a corporation pay taxes in proportion to the amount of debts it owes, I am afraid I cannot understand it. The bill professes to tax income, but it does not do so. It taxes thrift and prudence, as I have already pointed out, and it also taxes hard luck.

The so-called relief provisions for debtor corporations are a colossal and cruel joke. Corporations with debts existing prior to March 3, 1936, are "relieved" by being permitted to pay 22½ percent, which is from 7½ to 10 percent more than the present tax rate. "R-e-l-i-e-v-e" is the proper word, not "r-e-l-i-e-f." In any event, this so-called relief is only applicable where the debt has been in existence prior to March 3, 1936.

The gentleman from Ohio [Mr. LAMNECK] pointed out that if a corporation borrowed \$50,000 from a bank today and at the end of the year earned \$50,000, which it used to repay the debt, the Government would collect a tax of 42½ percent, which would mean that the corporation would have to borrow another \$21,250 to pay the tax. The gentleman from Tennessee [Mr. COOPER], who spoke following the gentleman from Ohio, challenged that statement of facts, but did not show wherein it was wrong. The gentleman from Ohio is absolutely right. Under the facts stated the corporation would be taxed \$21,250 because it earned \$50,000 and paid no dividends. The so-called relief provisions would not apply because the debt was contracted after March 3, 1936, and even if they did apply the corporation would still have to borrow \$11,250 to pay the tax.

The President has asked business to take up the unemployment slack, but under this bill he penalizes business for using its earnings for expansion or rehabilitation purposes. Let a business go out and try to borrow money from a bank for that purpose. It cannot do so, especially if it is a small business without substantial financial backing. The only way small businesses can grow is by reinvesting their earnings, which they are now permitted to do after paying the regular corporation income tax of 12½ to 15 percent. This bill would tax them up to 42½ percent. Take a particular case. Here is a corporation which earns \$50,000. It desires to use the earnings for plant extensions, which would enable it to employ more men. If it retains the whole \$50,000, it is taxed \$21,250, which means that it only has \$28,750 left for that purpose.

By penalizing the growth of small concerns the bill plays directly into the hands of the large corporations and increases their stranglehold on business. It is the successor to the N. R. A. as a monopoly breeder.

Mr. Chairman, I have served on the Ways and Means Committee a good many years. I am very proud of my associates on that committee. I am only sorry for the present majority members that they have to take orders to do such ridiculous things as are contained within the pages of this bill.

I could elaborate upon these ridiculous features indefinitely, but I am conscious of the fact that no amount of facts or logic could sway the 3-to-1 Democratic majority from their subservience in supporting this vicious and unsound legislation. In all my experience here I have never known a bill as unfair, as inequitable, as unreasonable, and as impossible of enforcement as this measure now before us, and it ought to have a unanimous vote of this House against it.

The Democratic majority dislike the appellation "rubber stamps" which has been so fittingly applied to them. They continually disclaim the fact that they are "rubber stamps." This bill furnishes them a good opportunity to prove whether or not they are capable of exercising their own minds or are simply so many sheep, blindly following their leader, even when he leads them over a precipice. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Missouri [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, I do not presume any Member of Congress or any committee ever supported a tax bill because they desired to do so. They are usually matters of necessity. There are always two things to be borne in mind, it seems to me, when we are considering tax legislation. One, of course, is the amount of money to be raised and the other is the source from which it shall come, a source that will do the least damage to the economic structure of the country.

In the drafting of this tax bill these have been the things that have been in the minds of the members of the committee and, I am sure, are in the minds of the Members of this House.

There is a third consideration that ought always to be considered, and that is the social effect it may have upon the country. The gentleman from Ohio mentioned this yesterday, and I think the people of this country during the past year have come to a realization that there must be some way to control, in a measure, the economic conditions that we face.

You know I have been somewhat amused by my friend from Massachusetts, who just spoke. I have a very, very high regard for him. It seemed strange to me when I picked up the paper this morning and saw in the headlines that the G. O. P. had met last night and formed a block to oppose the tax bill. I read the minority report of the committee a few days ago and it seemed to me that I, as ignorant as I may be about some things, could glean from it that the Republicans in this House were then opposed to the tax bill. You know their masters came to town yesterday, and I wonder if that had anything to do with the meeting last night. The United States Chamber of Commerce convened in the city of Washington yesterday, and strange as it may seem, the minority of this House, after having spent 3 days in attacks upon this bill on the floor of the House, had a meeting last night to form a block to oppose the legislation. I wonder if they wanted the news to go out to the country that they had convened here and had called their few members together to let the country know that they were loyal to the few people who are now supporting the minority in this House. There are not very many such supporters left, and, oh, when they convened yesterday, the first speech that was made was a bitter, vicious attack upon the President of the United States and upon his policies, and they asked the laboring people of this country to join the United States Chamber of Commerce to destroy the New Deal. My God, the only square deal that labor has ever had within my memory has been during the past 3 years or during the administration of Franklin D. Roosevelt. [Applause.]

These are the gentlemen who would have labor join them. Oh, there are still a lot of apostles of greed among these gentlemen, and I am not surprised that my friend from Massachusetts does not want to understand this bill or that he cannot understand it. You know men think in accordance with their environment in life and, fortunately, this tax bill is a tax bill of the people and it has not been written by the gentlemen who are going to pay the tax, as so many tax bills in the past have been written. They have not had much voice in it and some gentlemen have been thinking in terms of ultraconservatism ever since they came from the cradle, and they cannot understand any kind or character of legislation that is not the result of their own brain or of their own opinion or legislation that is written by the interests they serve.

This bill has been pretty well explained as to its details by those who are more familiar with it than I am.

The gentleman from Ohio stated yesterday that this measure would aid the chain stores. How have the chain stores been able to expand? It has been through their large purchasing power, using other people's money, and with the discounts and rebates they get they have been able to make large sums of money and then they have used their surpluses to expand all over the country. They are using other people's money to do it.

People who are opposing this bill today have enjoyed their business success at the cost of using other people's money and paying a small return on it.

They have been telling us that this will destroy surpluses, that it will destroy business, that it will destroy purchasing power, and increase the unemployment in the country. A gentleman sat across my desk not a month ago, a gentleman from my own State, who is at the head of one of the biggest businesses in that State, and we were discussing the general unemployment situation. It was a few days after the President of the United States had made his speech in which he had called upon the industry of this country to assume its responsibility in the elimination of unemployment. He sat across my desk and said to me that the business interests of this country are not going to attempt to assume to take over the unemployment situation or to relieve such conditions so long as Congress and this administration are interfering with their business.

This is the policy of business all over this country. So long as they can go their own way, unhampered by any legal regulations; can do as they please not only with their own money but with other people's money; and so long as they can do this they are willing to go along, but unless they can make the rules of the game, they will not play.

Mr. Chairman, I believe firmly that we are never going back to the old order of things. I do not class myself as a radical in any sense of the word, but I like to look at things as they are, and the legislator or the businessman who believes we are going back to the old order of things will be sitting at his desk with cobwebs wound about his head when Gabriel blows his horn for judgment day. We are living in a new age, and we must face it under new and completely changed economic conditions.

You know there is an old Slavic adage, "The impossibility of yesterday is the commonplace of tomorrow." Someone has stated that this bill is new. We are facing new conditions that have to be met. The gentleman from Massachusetts said he could not understand it and did not want to understand it. It seems to me, and I am going to make the prediction—I may be wrong, as the gentleman from New York [Mr. CROWTHER] said he might be—but it seems to me the principles of this bill will result in an expansion of industry, and in more employment.

We read in the papers every day that many kinds of industry are back to almost the normal conditions, or the condition they were in 1929. There is not a man or woman in the House today who knows what normalcy is under present conditions. Much of our industry has recovered, but we know that employment is lagging and that rates of pay have lagged and are not keeping pace with industrial recovery.

Business is endeavoring to recover its losses. That is human nature, but when times began to get better industry everywhere had one thought, and that was let us get back the profits that we have lost. Industry is manufacturing more commodities, selling more commodities, but it is not employing people and not paying wages in accordance with its increased business and profits.

Therefore they are getting back the profits, they are expanding the business at the expense of the men who create it.

It seems to me that a bill or a law of this kind will aid employment.

A man asked me the other day about these reserves. He said, "I have been losing several hundred dollars a week and several thousand dollars a month—I had a reserve of \$100,000 and it is nearly gone."

I said, "How long did it take you to accumulate that reserve?" He said, "About 30 years"—and that is true in nearly all the businesses we have been talking about—it has taken a number of years to accumulate the reserve.

My friends, let me say this to you on the left side of the House: If the people of this country will—and I know they are going to—continue the policy of this New Deal and never go back, we will never have any more depressions in this country, because we are going to meet conditions as they are. [Applause.]

You will not need those big reserves. It has taken years and years to build them up, and they will continue to do so under the provisions of this act, but such earnings also will pay a just tax. Somebody here the other day said this bill would result in placing large sums of money in tax-exempt securities. Under the Social Securities bill which we passed last year, in the course of a few years there will be approximately \$13,000,000,000 in the old-age annuity fund, and in a period of 20 years there will be \$18,000,000,000 in that fund. There will not be any more Government bonds in the hands of individuals or in banks, because the Government will finance its borrowing obligations out of that old-age annuity fund, and that money now in tax-exempt securities will go into the channels of legitimate commerce and get back to paying legitimate taxes in the community in which you and I live.

This bill will place the earnings of business in the hands of the people to whom it belongs. It will increase, following the natural order of things, the demand for securities, the demand for stocks and bonds. I believe it is true that the majority of the people in this country buy industrial stocks for investment purposes, and if they know they are going to be paid the interest their money earns, is it not natural that they will buy those bonds and stocks and that there will be more demand, which will result in industrial expansion and in fairness to the people whose money has made this country what it is today?

Those who want to understand the bill can understand it. It has been given a lot of thought. Of course, gentlemen on the minority side from the very beginning were opposed to any sort of legislation. The statement was made here yesterday by some gentleman, that he opposed it because he did not know how the money it raises was going to be expended. It so happens that I am from one of the great agricultural parts of this country. This money, as you know, is being raised to carry on the agricultural program, to meet the obligation that the Government created under the old agriculture program, and whatever may have been the result, whatever may have been the constitutionality of the old agriculture program, it saved agriculture in this country from national bankruptcy. There is no question in the mind of any man or woman in this House today about that, if they will just be fair with themselves. This new program is going to come out equally well. You know that 100,000,000 acres of land in the United States have been absolutely abandoned, and are unfit for further agricultural purposes. That is an area equal to the size of the States of Illinois, Indiana, Ohio, Virginia, and North and South Carolina. The land is completely destroyed, and can never be brought back and made of any value for agricultural purposes. There is another 100,000,000 acres almost ready to be discarded for agricultural purposes. That is a destruction of the national wealth of this country. This bill will help to restore some of that. It will help to save that just on the border line. I do not think there has been a tax bill before this House to raise money which is to be used for a more worthy purpose than this.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Yes.

Mr. McCORMACK. My friend has referred during his remarks to the result of the leadership of the present administration. I have in my hand a copy of the New York Times of this morning showing the returns for last year and in some cases for the first quarter of this year of about 30 corporations. Twenty-five of those corporations show substantial increases. They are domestic corporations. Only four show a loss. I also call attention of the gentleman to the headline in the New York Times of this morning, "Credits Roosevelt with trade gain." This is a quotation from a speech made by Thomas J. Watson, president of the International Business Machines Co., at a dinner given by the American section of the International Chamber of Commerce, of which he is the chairman. Mr. Watson gave full credit to the Roosevelt administration for its contribution toward the complete

restoration of economic recovery in the United States. [Applause.]

Mr. DUNCAN. Oh, I think the people of this country know who is responsible for economic recovery.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Yes.

Mr. MICHENER. The gentleman just referred to by the gentleman from Massachusetts [Mr. McCORMACK] is at the head of a committee of the International Chamber of Commerce, not the National Chamber of Commerce.

Mr. McCORMACK. I did not say that he was the head of the National Chamber of Commerce.

Mr. MICHENER. I just wanted to call attention to the fact that he thinks internationally.

Mr. McCORMACK. The gentleman does not have to call attention to anything. I said the International Chamber of Commerce.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Yes.

Mr. KVALE. The gentleman will also admit that while business recovery has gained about 16 percent the stock market has increased almost 50 percent.

Mr. DUNCAN. That is correct. I yield back the remainder of my time.

The CHAIRMAN. The time of the gentleman from Missouri has expired. All time has expired. The Clerk will read the bill by sections.

The Clerk read as follows:

SCHEDULE I—ADJUSTED NET INCOME OF \$10,000 OR LESS
BASED ON UNDISTRIBUTED NET INCOME

If the undistributed net income equals a percentage of the adjusted net income shown in column 1 of the following table, then the tax shall be the percentage of the adjusted net income shown opposite in column 2.

Column 1	Column 2	Column 1	Column 2	Column 1	Column 2
0	----	24	5.10	48	17.40
1	0.10	25	5.50	49	17.95
2	0.20	26	5.90	50	18.50
3	0.30	27	6.30	51	19.05
4	0.40	28	6.70	52	19.60
5	0.50	29	7.10	53	20.15
6	0.60	30	7.50	54	20.70
7	0.70	31	8.05	55	21.25
8	0.80	32	8.60	56	21.80
9	0.90	33	9.15	57	22.35
10	1.00	34	9.70	58	22.90
11	1.25	35	10.25	59	23.45
12	1.50	36	10.80	60	24.00
13	1.75	37	11.35	61	24.55
14	2.00	38	11.90	62	25.10
15	2.25	39	12.45	63	25.65
16	2.50	40	13.00	64	26.20
17	2.75	41	13.55	65	26.75
18	3.00	42	14.10	66	27.30
19	3.25	43	14.65	67	27.85
20	3.50	44	15.20	68	28.40
21	3.90	45	15.75	69	28.95
22	4.30	46	16.30	70	29.50
23	4.70	47	16.85		

If the undistributed net income is a percentage of the adjusted net income which is less than 10 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted net income equal to one-tenth of the percentage which the undistributed net income is of the adjusted net income.

If the undistributed net income is a percentage of the adjusted net income which is more than 10 and less than 20 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted net income equal to the sum of 1, plus one-fourth of the amount by which the percentage which the undistributed net income is of the adjusted net income exceeds 10.

If the undistributed net income is a percentage of the adjusted net income which is more than 20 and less than 30 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted net income equal to the sum of 3.5, plus four-tenths of the amount by which the percentage which the undistributed net income is of the adjusted net income exceeds 20.

If the undistributed net income is a percentage of the adjusted net income which is more than 30 (and such percentage is not shown in the foregoing table) the tax shall be a percentage of the adjusted net income equal to the sum of 7.5, plus fifty-five one-hundredths of the amount by which the percentage which the undistributed net income is of the adjusted net income exceeds 30.

Mr. CHRISTIANSON. Mr. Chairman, I move to strike out the last word. I shall not make any extended remarks on this bill, but I wish to offer a few observations. I shall vote against it—

First, because it will not even begin to raise the revenue required to balance the Budget. Deficits are approximating \$4,000,000,000 a year, and the most optimistic supporters of this measure do not claim that it will yield more than one-fifth of that amount.

There is no use trying to conceal from the American people any longer that those who dance must pay the fiddler. An administration that spends twice as much as it collects must face the reality that if it does not double taxes it will go broke.

Senator LA FOLLETTE had the right idea last year; he has the right idea today—broaden the base, lower the exemptions, and increase both normal and surtax rates. Do this or cut expenditures in two. That is arithmetic, and arithmetic never lies.

Second. I shall vote against this bill because I do not wish to be a party to deceiving the American people. This measure is a fraud. It purports to hit the big corporations, but it hits the small ones. The big corporations have enormous reserves, which this bill will not touch. They can distribute all their earnings and thereby get away from paying any income tax at all. Today they pay from 12½ to 15 percent. Under this bill they will pay nothing. On the other hand, the small and weak corporations, whose reserves have been wiped out by 6 years of depression, whose plants are run down and worn out, which must reserve all their earnings to stay in business, will be required to pay at rates running as high as 42½ percent. A tax thus discriminating against the weak corporation and in favor of the strong one violates the most fundamental of all principles of taxation, that taxes should be in proportion to ability to pay.

Third. I shall vote against this bill because it will put a brake on recovery in the heavy industries. In periods of depression it is the heavy industries that suffer most and longest. The demand for consumers' goods diminishes, but the diminution, except in luxury lines, is comparatively small. Recovery in consumers' goods industries comes first. It is the heavy industries that lag. It is in the heavy industries that the most serious unemployment situation exists today. Carpenters, bricklayers, stonemasons, painters, and workers in concrete and structural steel are on the dole. Steel and cement plants, iron and copper mines, lumber and linseed-oil mills stand with smokeless chimneys because the heavy industries are stagnant. There will be no substantial recovery in the heavy industries unless and until corporations begin to replace or expand their physical plants, and there will be few corporations whose officers and directors will consent to do so if the cost is increased 42½ percent by the imposition of a 42½-percent tax on reserved earnings.

If the administration is interested in recovery in the heavy industries, its leaders in Congress should exempt from the proposed tax, earnings used for plant improvement.

Fourth. I shall vote against this bill because it will prevent liquidation of corporate debts, force many concerns into bankruptcy, and impair the value of corporate securities held by millions of American investors. The present tax is high enough on that part of a corporation's earnings that is used for the liquidation of obligations. It is sound Government policy to encourage debt retirement. There are too many corporations in this country with an overloaded capital structure. First earnings must be made to cover fixed charges; then further earnings must be made, if possible, for dividends on stock. Dividends may lapse, but interest payments must not be suspended, else the company suffers bankruptcy. Consequently the usual effort is to charge the consumer all the traffic will bear in order to keep the business going. One of the principal reasons for excessive prices is the pressure exerted by corporate debts. This bill in effect increases corporate debts to the extent that the rate on earnings reserved for debt retirement exceeds the present corporate income-tax rate.

Fifth. I shall vote against this bill because it will inevitably lead to monopoly. As I have already indicated, the big cor-

poration, with ample reserves already created, will pay no income tax under the present measure. It does not need to take income-tax payments into consideration in fixing the prices of its products. Its weak competitor, faced with the need of building reserves, will have to charge a price high enough to absorb a tax of up to 42½ percent. A corporation without debt pays no tax. One with debt pays a tax of 22½ percent on the part of its earnings reserved for debt retirement and must charge enough to enable it to pay that tax. Modern business is highly competitive. The seller who can shave the last dollar off the price gets the order. The company that does not get orders goes out of business. The most serious result of this legislation will be to eliminate the smaller and weaker concerns and to leave a few of the big ones in undisputed possession of American business and industry.

I hold no brief for corporations and do not dispute the contention that, with Government budgets increasing, they must pay higher taxes than they do today. Therefore I shall vote for an amendment which will be offered that will increase the present corporation income tax drastically; that will, in fact, exact as much money as the bill now before us, but exact it in such a way that it will be possible for the little fellow to continue to do business alongside his big competitor.

While doing so, I shall hope that in another year saner policies will prevail in this country, and that economy will cease to be merely a word with which to catch votes and become again an expression of the dominant purpose of the Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. CHRISTIANSON] has expired.

The Clerk read as follows:

SEC. 14. ACCUMULATED EARNINGS AND PROFITS LESS THAN ADJUSTED NET INCOME.

(a) General rule: If the accumulated earnings and profits of the corporation as of the close of the taxable year (computed without diminution by reason of the distribution during the taxable year of earnings and profits, or by reason of the taxes imposed by this title for the taxable year) are less than the adjusted net income, the tax imposed by section 13 shall, in lieu of being computed under section 13, be computed by adding:

(1) A tax of 22½ percent of the excess of the adjusted net income over such accumulated earnings and profits; and

(2) A tax upon the remainder of the adjusted net income (less the tax under paragraph (1)) computed under section 13 as if the adjusted net income were equal to the amount of such remainder so reduced.

(b) Tax not to be increased: This section shall not be applied in any case in which such application would operate to increase the tax which would be payable without its application.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: On page 24, line 11, strike out "22½ percent" and insert "15 percent."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The amendment was agreed to.

The Clerk read as follows:

SEC. 15. CONTRACTS NOT TO PAY DIVIDENDS.

(a) General rule: If under a written contract executed by the corporation prior to March 3, 1936, there is no form in which dividends equal to the adjusted net income for the taxable year may be paid during the dividend year without violating a provision of such contract expressly dealing with the payment of dividends, the tax imposed by section 13 shall, in lieu of being computed under such section, be computed by adding:

(1) A tax of 22½ percent of the excess of the adjusted net income over the amount which is not prohibited during the whole of the dividend year from being paid as dividends during the dividend year; and

(2) A tax upon the remainder of the adjusted net income (less the tax under paragraph (1)) computed under section 13 as if the adjusted net income were equal to the amount of such remainder so reduced.

(b) Tax not to be increased: This section shall not be applied in any case in which such application would operate to increase the tax which would be payable without its application.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendments offered by Mr. SAMUEL B. HILL: Page 25, line 1, strike out "dividend" and insert "taxable"; page 25, line 8, strike out "dividend" and insert "taxable"; page 25, line 9, strike out "dividend" and insert "taxable."

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. KVALE. Will the gentleman explain the purpose of that amendment?

Mr. SAMUEL B. HILL. The purpose of the amendment is to amend the text of the bill which provides a different dividend year from the taxable year.

Mr. KVALE. Is the dividend year the calendar year and is the taxable year the fiscal year, or what is the distinction?

Mr. SAMUEL B. HILL. The taxable year is ordinarily the calendar year, but not always. Sometimes it is the fiscal year; but we put in this bill a definition of the dividend year, which begins 2½ months after the beginning of the taxable year and extends 2½ months beyond the end of the taxable year. We want to make the dividend year coincide with the taxable year, and that is all this amendment does.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Washington [Mr. SAMUEL B. HILL].

The amendments were agreed to.

The Clerk read as follows:

SEC. 27. CORPORATION CREDIT FOR DIVIDENDS PAID.

(a) Definition of "dividend year": The term "dividend year", when used in this title with reference to a corporation, means the period beginning on the 15th day of the third month after the day before the beginning of the taxable year (whether the taxable year is a period of 12 months or a shorter period) and ending on the 14th day of the third month after the close of the taxable year.

(b) Dividend credit in general: For the purposes of this title, the dividend credit shall be the amount of dividends paid during the dividend year corresponding to the taxable year.

(c) Dividend carry-over: In computing the dividend credit for any taxable year, if the dividends paid during the dividend year are less than the adjusted net income, there shall be allowed as part of the dividend credit, and in the following order:

(1) Dividends paid during the second preceding dividend year in excess of the adjusted net income for the corresponding taxable year, to the extent not needed as a dividend credit for the taxable year preceding the taxable year the tax for which is being computed; and

(2) Dividends paid during the first preceding dividend year in excess of the adjusted net income for the corresponding taxable year.

In the case of a taxable year the tax for which has been or is being computed under section 14 or 15 the term "adjusted net income" as used in this subsection means the amount subject to tax under subsection (a) (2) of such section; and in case of a taxable year the tax for which has been or is being computed under section 16 the term "adjusted net income" as used in this subsection means the amount subject to tax under subsection (b) (2) of such section. No credit shall be allowed for dividends paid by a corporation prior to the 15th day of the third month of its first taxable year under this title.

(d) Dividends in kind: If a dividend is paid in property other than money (including stock of the corporation if held by the corporation as an investment) the dividend credit with respect thereto shall be the adjusted basis of the property in the hands of the corporation at the time of the payment, or the fair market value of the property at the time of the payment, whichever is the lower.

(e) Dividends in obligations of the corporation: If a dividend is paid in obligations of the corporation, the amount of the dividend credit with respect thereto shall be the face value of the obligations, or their fair market value at the time of the payment, whichever is the lower. If the fair market value is lower than the face value, then when the obligation is redeemed by the corporation, the excess of the amount for which redeemed over the fair market value at the time of the dividend payment (to the extent not allowable as a deduction in computing net income for any taxable year) shall be treated as a dividend paid in the dividend year in which the redemption occurs.

(f) Taxable stock dividends: In case of a stock dividend or stock right which is a taxable dividend in the hands of shareholders under section 115 (f), the dividend credit with respect thereto shall be the fair market value of the stock or the stock right at the time of the payment.

(g) Distributions in liquidation: In the case of amounts distributed in liquidation the part of such distribution which is properly chargeable to the earnings or profits accumulated after February 28, 1913, shall, for the purposes of computing the dividend credit under this section, be treated as a taxable dividend paid.

(h) Preferential dividends: No dividend credit shall be allowed with respect to any distribution unless the distribution is pro rata, equal in amount, and with no preference to any share of stock as compared with other shares of the same class, and each of the shareholders of that class, who are subject to taxation under this title for the period in which the distribution is made, receives a taxable dividend as a result of the distribution.

(i) Nontaxable distributions: If any part of a distribution (including stock dividends and stock rights) is not a taxable dividend in the hands of such of the shareholders as are subject to taxation under this title for the period in which the distribution is made, no dividend credit shall be allowed with respect to such part.

(j) Intercompany dividends: If 80 percent or more of the gross income of the corporation is derived from dividends, then the dividend credit with respect to each dividend payment shall be reduced to an amount equal to the sum of:

(1) The portion of such dividend payment paid to shareholders other than corporations;

(2) The portion of such dividend payment paid to corporations taxable under section 104, 105, 201, 204, 207, 231, 251, or 261, or to corporations exempt from taxation under section 101;

(3) The portion of such dividend payment made to a corporate shareholder owning less than 50 percent of the class of stock with respect to which the dividend is paid; and

(4) An amount of such dividend payment paid to other corporate shareholders which bears the same ratio to the total dividend payment paid to them as the part of the gross income not derived from dividends bears to the entire gross income.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer committee amendments.

The Clerk read as follows:

Committee amendments offered by Mr. SAMUEL B. HILL: Page 48, strike out lines 17 to 23, inclusive; page 49, lines 1 and 2, strike out "dividend year corresponding to the"; page 49, line 5, strike out "dividend" and insert the word "taxable"; page 49, line 9, strike out "dividend" and insert the word "taxable"; page 49, line 10, strike out "the corresponding taxable" and insert the word "such"; page 49, line 15, strike out the word "dividend" and insert the word "taxable"; page 49, line 16, strike out the words "the corresponding taxable" and insert the word "such"; page 50, line 1, strike out "the 15th day of the third month of"; page 50, line 21, strike out the word "dividend" and insert the word "taxable."

Mr. SAMUEL B. HILL. Mr. Chairman, these amendments supplement the previous amendments offered and adopted in committee, making the dividend year correspond with the taxable year.

The CHAIRMAN. The question is on the committee amendments offered by the gentleman from Washington.

The committee amendments were agreed to.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not care to take any time. There have been several inquiries made with reference to this entire section—section 27. So far as I know it has not been definitely explained in the House by any member of the committee, and I think a little time might well be devoted to debating it or explaining it, particularly subsection (j), on page 51, the 80-percent provision. I should appreciate it if some member of the committee on the majority side would explain it.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes, Mr. Chairman; I yield the floor.

Mr. SAMUEL B. HILL. Mr. Chairman, subdivision (j) of section 27 of the bill refers to intercompany dividends, refers to dividend credit for intercompany dividends. Subdivision (j) of section 27 reads:

If 80 percent or more of the gross income of the corporation is derived from dividends, then the dividend credit with respect to each dividend payment shall be reduced to an amount equal to the sum of.

Then follows a number of subsections showing to what amount the sum is reduced.

No. 1 provides that it shall be reduced to "the portion of such dividend payment paid to shareholders other than corporations."

I take it this needs no explanation:

Subdivision 2: The portion of such dividend payment paid to corporations taxable under sections 104, 105, 201, 204, 207, 231, 251, or 261, or to corporations exempt from taxation under section 101.

Section 104 refers to banks and trust companies. Section 105 refers to corporations in receivership. Section 201 refers to life-insurance companies. Section 204 refers to insurance companies other than life. Section 207 refers to mutual insurance companies other than life. Section 251 refers to corporations within the possessions of the United States; and section 261 refers to the China Trade Act. These companies receive special treatment and dividends paid to these corporations entitle the paying corporation to full dividend credit.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. VINSON of Kentucky. The corporations enumerated by the gentleman might be classified as the 15-percent rate corporations.

Mr. SAMUEL B. HILL. They are all under the 15-percent rate. They are the ones excepted from the general plan of taxation under this bill.

Subdivision 3 reads:

The portion of such dividend payment made to a corporate shareholder owning less than 50 percent of the class of stock with respect to which the dividend is paid.

This means that dividends paid by a corporation to a corporation stockholder holding less than 50 percent of the paying corporation stock entitles the paying corporation to full dividend credit for the amount so paid.

Subdivision 4 reads:

An amount of such dividend payment paid to other corporate shareholders which bears the same ratio to the total dividend payment paid to them as the part of the gross income not derived from dividends bears to the entire gross income.

I think we can best illustrate this section by giving an example: Corporation A is an operating company; its stock is held by corporation B. Corporation B is a holding company. Fifty percent or more of the stock of corporation B is held by corporation C. Corporation B, for the purpose of this illustration, receives 80 percent or more of its income from dividends. The question is, What dividend credit shall corporation B have on the payment of its dividends to corporation C, which holds 50 percent or more of the stock of corporation B?

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. VINSON of Kentucky. The fourth subdivision, as I recall it, refers to dividends paid representing income from other than dividend sources.

Mr. SAMUEL B. HILL. I think if the gentleman will allow me to complete my illustration it will be perfectly clear.

Corporation C holds 50 percent or more of the stock of corporation B. The question is, What dividend credit shall corporation B get for payments of dividends to corporation C? We will say that corporation B gets 80 percent of its dividends from corporation A, or other corporations, and 20 percent of its income from sources other than corporation dividends. This section means that the dividend credit it shall get upon payment of dividends to corporation C shall be in the proportion of 20 to 80; in other words, it gets 20 percent of its income from sources other than corporation dividends, and it is entitled to a dividend credit on this proportion of its income when it makes a dividend payment to corporation C.

Mr. TREADWAY. May I ask the gentleman one question?

I think he has covered subdivision (j) very thoroughly. Now, referring to section (f), taxable stock dividends, which is, of course, entirely new, that is, the principle is entirely new in that there is a set-up there under which stock divi-

dends can be taxed, which has not been in the previous law. I am correct in that?

Mr. VINSON of Kentucky. If the gentleman from Massachusetts will permit, under the 1934 act there was a provision that said no stock dividend should be taxed. In a very celebrated case, Eisner against Macomber, the Supreme Court held that the tax dividend involved in that case was not taxable. Out of that case grew up the idea that no stock dividend was taxable. I think it was because of that notion that the language to which I have referred, as appears in the 1934 bill, found its way there; that is, that no stock dividend should be taxed.

The proposed plan does not change the law and does not in the slightest degree strike at the decision of the Supreme Court in the case of Eisner and Macomber in respect of a stock dividend where there is no change in the proportion of ownership by the shareholder.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the last two words.

The case of Eisner against Macomber, as I recall, involved a corporation with \$1,000,000 common stock. There was a declaration of a \$500,000 stock dividend to the common-share holders. The Court held, and I think correctly, that where each shareholder got his proportionate part of the new stock there was no change in his ownership in the corporation. That, in a corporation with a million-dollar capital, the distribution of another half million to the holders of the common stock made no change in ownership. The shareholder who owned a share of stock would own one and a half shares in the increased structure, and therefore there was no change in the ownership so far as he and the corporation were concerned.

It has been evidenced throughout the years that there are innumerable stock dividends that are taxable. The issuance of stock, either common or preferred, or bonds, in payment of dividends may change the proportion of ownership among the shareholders. For instance, let us take this illustration: You issue preferred stockholders common stock to satisfy dividends declared to preferred stockholders. You have introduced additional common stock. It is in the hands of persons other than the present common-stock holders; consequently there is a change in the proportion of ownership in the common-stock holders.

The Supreme Court in one case laid down the rule that the yardstick in respect of the taxability of stock dividends was the character or kind of stock and the change in proportion of ownership. I submitted in the RECORD yesterday a statement prepared for me by Mr. Kent, Acting General Counsel of the Bureau of Internal Revenue, setting forth decisions of the Supreme Court where stock dividends were held to be nontaxable; and other cases where the Supreme Court and the Board of Tax Appeals held that stock dividends were taxable. In this connection I pointed out that in the April volume of the Columbia University Law Review a gentleman, in whom we have great faith and confidence, the Honorable Roswell Magill, wrote a very comprehensive and illuminating article on the taxability of stock dividends.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I move to strike out the last three words to ask the gentleman a question.

As I recall it, in the present law there was just one line, 115, which read "stock dividends shall not be subject to tax." That is correct?

Mr. VINSON of Kentucky. That is right.

Mr. TREADWAY. It has been stricken out in this bill, and you are substituting therefor section (f), on page 107, of which the gentleman has given a history.

Mr. VINSON of Kentucky. And further, in connection with that, there is another section which I cannot put my finger on right now.

Mr. TREADWAY. That is the one we have over here.

Mr. VINSON of Kentucky. The section to which I refer states that the only stock dividends we seek to tax are those which are taxable income within the sixteenth amendment.

Mr. TREADWAY. The language stricken out, I may say, reads as follows:

(b) Stock dividends: A stock dividend shall not be subject to tax.

That is the existing law and has been the law most of the time since the Eisner against Macomber decision. In the next tax bill after that decision that language was included.

I understand the gentleman's explanation to be that the language of the act was too broad. I do not mean too broad in the sense it is not legal, but it goes further than the Eisner against Macomber decision.

Mr. VINSON of Kentucky. That is correct.

Mr. TREADWAY. The language now substituted for the stricken language describes new stock dividends that can be taxed or what portion of stock dividends under the sixteenth amendment can in the future be taxed. Is that the right conception of the intention?

Mr. VINSON of Kentucky. Well, we take the broad position that stock dividends that are taxable income within the sixteenth amendment are subject to taxation, and if they are not such stock dividends and not any taxable income under the sixteenth amendment, they are not subject to taxes.

Mr. TREADWAY. The only comment I may add to the very excellent explanation which the gentleman has given is that, so far as I know, this subject matter was not taken up either by the committee or the subcommittee until this bill appeared in print and we voted it in bloc form. Am I right?

Mr. VINSON of Kentucky. That is correct, so far as the full committee is concerned, but I may say that the Democratic majority gave considerable thought to this language and to the purpose. So far as I know, there is no one who is objecting or could object to the policy that we have pursued.

Mr. SAMUEL B. HILL. The question is also involved in the determination of what shall constitute dividend credit.

Mr. TREADWAY. Yes; I realize that.

Mr. VINSON of Kentucky. In other words, to that extent, of course, it might be helpful to the corporate taxpayer.

Mr. TREADWAY. Therefore the language is drawn with the view of complying with conditions under which the sixteenth amendment is applicable.

Mr. VINSON of Kentucky. The gentleman states it in a nutshell.

Mr. TREADWAY. I thank the gentleman.

Mr. SAUTHOFF. Mr. Chairman—

The CHAIRMAN (Mr. McCORMACK). For what purpose does the gentleman from Wisconsin rise?

Mr. SAUTHOFF. To submit a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. SAUTHOFF. Mr. Chairman, because of a misunderstanding I ask unanimous consent that we be allowed to return to page 42 of the bill.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to return to page 42 of the bill for the purpose of offering an amendment. Is there objection?

Mr. COOPER of Tennessee. Mr. Chairman, I regret it, exceedingly, but we shall have to object.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

SEC. 55. PUBLICITY OF RETURNS.

(a) Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926; and all returns made under this act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

(b) (1) All income returns filed under this title (or copies thereof, if so prescribed by regulations made under this subsection), shall be open to inspection by any official, body, or commission lawfully charged with the administration of any State tax law, if the inspection is for the purpose of such administration or for the purpose of obtaining information to be furnished to local taxing authorities as provided in paragraph (2). The inspec-

tion shall be permitted only upon written request of the Governor of such State, designating the representative of such official, body, or commission to make the inspection on behalf of such official, body, or commission. The inspection shall be made in such manner and at such times and places as shall be prescribed by regulations made by the Commissioner with the approval of the Secretary.

(2) Any information thus secured by any official, body, or commission of any State may be used only for the administration of the tax laws of such State, except that upon written request of the Governor of such State any such information may be furnished to any official, body, or commission of any political subdivision of such State lawfully charged with the administration of the tax laws of such political subdivision, but may be furnished only for the purpose of and may be used only for the administration of such tax laws. Any officer, employee, or agent of any State or political subdivision who divulges (except as authorized in this subsection, or when called upon to testify in any judicial or administrative proceeding to which the State or political subdivision, or such State or local official, body, or commission, as such, is a party) any information acquired by him through an inspection permitted him or another under this subsection shall be guilty of a misdemeanor and shall upon conviction be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both.

Mr. SAUTHOFF. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Wisconsin rise?

Mr. SAUTHOFF. To submit a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. SAUTHOFF. Mr. Chairman, I now ask unanimous consent that we may return to page 42 of the bill so that I may offer a brief amendment.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to return to page 42 of the bill for the purpose of offering an amendment. Is there objection?

Mr. COOPER of Tennessee. I regret it, exceedingly, Mr. Chairman, but I shall have to object as I did a moment ago.

The CHAIRMAN. Objection is heard.

The Clerk read to the end of line 12, page 78.

Mr. BOILEAU. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members present, a quorum. The Clerk will read.

The Clerk read to the end of line 8, page 93.

Mr. SAUTHOFF. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Wisconsin makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and ten Members are present, a quorum. The Clerk will read.

The Clerk read as follows:

(2) Substituted basis: The term "substituted basis" as used in this subsection means a basis determined under any provision of subsection (a) of this section or under any corresponding provision of a prior income-tax law, providing that the basis shall be determined—

(A) by reference to the basis in the hands of a transferor, donor, or grantor, or

(B) by reference to other property held at any time by the person for whom the basis is to be determined.

Whenever it appears that the basis of property in the hands of the taxpayer is a substituted basis, then the adjustments provided in paragraph (1) of this subsection shall be made after first making in respect of such substituted basis proper adjustments of a similar nature in respect of the period during which the property was held by the transferor, donor, or grantor, or during which the other property was held by the person for whom the basis is to be determined. A similar rule shall be applied in the case of a series of substituted bases.

Mr. SAUTHOFF. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. SAUTHOFF. To ask unanimous consent to return to page 42 that I may offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to return to page 42 so that he may offer an amendment. Is there objection?

There was no objection.

Mr. SAUTHOFF. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. SAUTHOFF: Page 42, after line 18, insert the following:

"(r) Pay-roll additions: In the case of an employer, an amount equal to 50 percent of the excess of the amount paid during the taxable year to his employees as compensation for personal services over the amount paid during the preceding taxable year to his employees as compensation for personal services. The deduction allowed by this subsection shall not apply with respect to any compensation paid at a rate in excess of \$5,000 per annum or to any compensation paid to any individual less than 18 years of age and shall be in addition to the amounts allowable as a deduction on account of such expenses under subsection (a)."

Mr. SAUTHOFF. Mr. Chairman, the Committee on Ways and Means, which has had the new revenue bill of 1936 under consideration for some time, in its report sets forth the objects of the bill. The objects are:

First, to prevent avoidance of surtax by individuals through the accumulation of income by corporations.

Second, to remove serious inequities and inequalities between corporate, partnership, and individual forms of business organization.

Third, to remove the inequity as between large and small shareholders resulting from the present flat corporate rates.

With these objects I am in accord. The Progressives of Wisconsin have declared a taxation policy which adopts the basic principle that "taxation must be based upon ability to pay." We Progressives feel that various tax exemptions and tax evasions are now being accomplished through the medium of undistributed profits held by corporations and also with the well-known device of the holding company. We are also opposed to tax-exempt securities, to which I want to refer a little more fully later on. Therefore I shall vote for this tax bill, not because I believe that it will accomplish all the objectives stated in the committee report but because there is no other bill before us, and because tax measures must originate in the House and cannot originate in the Senate. Therefore, it is the only available legislation which we can support.

Is there need for additional taxes? We know that there is. The President, in his message of March 3, 1936, has clearly pointed out the necessity for additional revenue. Those of us who voted for the soldiers' bonus, the farm-aid bill, and other appropriations must now assume the responsibility of raising the money with which to pay them. This is the place where that has to be done, and I as one who voted for the bonus, farm aid, and so forth, must take the responsibility of raising the money to pay for these bills. I do not see how anyone who voted for the bonus can vote against this tax bill unless he has a better one to submit in its place. Such an alternative has not been forthcoming, and I therefore believe it will be necessary for this House to pass this tax bill. Most of us are convinced that the Senate will rewrite it.

There are some phases of the bill before us which have caused me to feel apprehensive as to the effect it will have upon unemployment, for to me unemployment is the major problem that confronts every executive and every legislator, whether State or National, in our country. If we levy too burdensome a tax upon industry, then we defeat our own ends, for industry will not have the ready capital with which to expand. Our situation at the present time as regards unemployment is practically this: There are today about 10,000,000 wage earners who are out of employment. Our responsibility is to effect some legislation that will alleviate this condition. We have attempted to do it with Government-made work, but that has not been sufficient. In March 1933, when we had the peak of unemployment, there were approximately 15,000,000 wage earners out of work, so that in 3 years the number of unemployed has been cut about one-third. Where does this unemployment exist? Let us see. The railways of the Nation, because of various changes in transportation, because of consolidation, because of inventions and modifications, have had at least 1,000,000 men without employment in that sphere of activity. In the building trades there are approximately two and one-half million unemployed. In mercantile establishments there are about 500,000 more unemployed. In mining activities less than 60 percent have useful work. Today we are employing about 80 percent of the number that were en-

gaged in 1929. In that year there were about 9,000,000 employed in the factories of this country. Today there are only about 7,000,000 workers, and it must be remembered that about 400,000 additional employables become of age every year. These must be taken care of. Why do I refer to these matters in relation to this tax matter? It is for this reason. Because I believe we should encourage industry to take on more people, give more people jobs, put everybody to work. For that reason I believe some special inducement should be held out to industry, and I therefore offer this amendment, which is designed to grant an extra exemption from taxation to all employers who put on additional help and give more jobs to the unemployed. This will encourage the owner of a factory or a shop to spend some of the income of his establishment for the purpose of expanding and enlarging his plant, taking on additional help, giving more jobs to more people.

Of course, you and I realize that the ablest men and women in the country will be consulted as to how this tax can be avoided and various devices will be worked out in order to escape it. There will be new business structures invented to take the place of corporations where that is feasible, and, in addition, surpluses will be invested in tax-exempt securities and we will not be able to reach them. This will mean, in the end, that we may raise less taxes than we are now receiving, and in order to avoid such a contingency, I want to leave some possibility that we will benefit, instead of lose, by this tax bill. I therefore hope that every one of you will support this amendment, and thereby induce private enterprise to spend its money to create new jobs and aid in the solution of the most difficult problem we have been facing for the last 6 years.

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment. While the motive of the amendment doubtless is good, yet the effect of it will be very bad. The purpose of this legislation is to bring about a more equitable system of taxation. In other words, to bring about greater equality in taxation. Under this amendment strong, wealthy, powerful corporations might be able to increase the number of their employees or the amount that each employee would be paid, while a competitor just across the street, not so favored, perhaps, struggling to hold together its organization and retain the number of employees it already has, would not be able to increase the number of its employees or to increase the pay that they would receive. The effect of this amendment would be diametrically opposed to the fundamental purposes of the bill. We have not had time to consider its full effects, but if I understand the full import of it, it would accentuate the inequalities in our taxing system rather than remove them. I trust the amendment will be voted down.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COOPER of Tennessee. Another point that might be very serious is the effect that it would have on the revenue which we are trying to raise under this bill.

Mr. DOUGHTON. Of course. It would seriously affect the revenue, which is the primary purpose of the legislation, the secondary purpose of it being to establish equality in taxation.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. BOILEAU. So far as the revenue provision is concerned, if this amendment has the desired effect of putting more men to work and increasing the pay rolls of the country, it would seem to me it would do more good for the country and more than compensate for any loss of revenue which might occur.

Mr. DOUGHTON. It would be an unfair discrimination; it might increase employment in one corporation and reduce employment in a competing corporation.

Mr. BOILEAU. If so, any discrimination would be in favor of those corporations that actually increase their pay rolls and increase the number of people they put to work.

Mr. DOUGHTON. And they would have a lighter tax burden than their competitors who were unable to increase or enlarge their business.

Mr. BOILEAU. The competitor would likewise, to meet that competition, put more men to work.

Mr. DOUGHTON. Provided he had a market for the output of his factory and could make a profit, which this would not bring about at all.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 22, noes 67.

So the amendment was rejected.

The Clerk read as follows:

(2) Dividends: The amount received as dividends—

(A) from a domestic corporation other than a corporation entitled to the benefits of section 251, and other than a corporation less than 20 percent of whose gross income is shown to the satisfaction of the Commissioner to have been derived from sources within the United States, as determined under the provisions of this section, for the 3-year period ending with the close of the taxable year of such corporation preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence), or

(B) from a foreign corporation engaged in trade or business within the United States or having an office or place of business therein, more than 75 percent of whose gross income for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of this section; but only in an amount which bears the same ratio to such dividends as the gross income of the corporation for such period derived from sources within the United States bears to its gross income from all sources; but dividends from a foreign corporation shall, for the purposes of section 131 (relating to foreign tax credit), be treated as income from sources without the United States;

Mr. SAMUEL B. HILL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 122, line 17, strike out the figures "75" and insert "85."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

(d) Compensation of officers and employees: Under regulations prescribed by the Commissioner with the approval of the Secretary, every corporation subject to taxation under this title shall, in its return, submit a list of the names of all officers and employees of such corporation and the respective amounts paid to them during the taxable year of the corporation by the corporation as salary, commission, bonus, or other compensation for personal services rendered, if the aggregate amount so paid to the individual is in excess of \$15,000. The Secretary of the Treasury shall submit an annual report to Congress compiled from the returns made containing the names of, and amounts paid to, each such officer and employee and the name of the paying corporation.

Mr. TREADWAY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 152, strike out all of lines 8 to 21, inclusive.

Mr. TREADWAY. Mr. Chairman, I do not care to go into any elaborate debate on the amendment. This question has been up before. It is a matter of making public the record of salaries in excess of \$15,000. It seems to me it is purely a personal matter between the employee and the corporation by whom he is employed as to how much salary he receives. No benefit accrues to anyone except to satisfy curiosity seekers and others that want to make use of the information thus obtained. It certainly must be a great nuisance to the clerks to the Committee on Ways and Means to have these volumes stored there and people constantly coming and looking over those returns in the committee room. Just a few days ago I received a request to secure information in respect to salaries in a certain city in my district. The request came from the Community Welfare League, acknowledging they wanted to approach people getting salaries of \$15,000 and over to have them make contributions. It seems to me the whole thing is a

very silly performance and it is a form of publicity that does nobody any good and some people a great deal of harm, and simply satisfies curiosity. I hope the item will be eliminated from the law.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

SEC. 502. CREDIT FOR OTHER TAXES ON INCOME.

There shall be credited against the total amount of the taxes imposed by this title an amount equivalent to the excess of—

(a) The amount of Federal income and excess-profits taxes payable by the taxpayer for the taxable year, over

(b) The amount of Federal income and excess-profits taxes which would have been payable by the taxpayer for the taxable year if his net income were decreased by the amount of net income taxable under this title.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, title III of this bill, "The tax on unjust enrichment", relates to the "windfall" tax concerning the processing taxes which were imposed under the Agricultural Adjustment Act. Naturally there has been a lot of misunderstanding by Members and by those interested as to how this tax will operate. I want to make a brief statement for those interested, so that they will understand how the provisions of this bill are going to be administered and with a complete regard to the equities of each and every individual case.

There is a maximum of \$237,000,000 involved in title III of this act, out of which it is estimated there will be net revenue to the Government of \$100,000,000. That shows that in the collection of this tax a broad, liberal position will be taken by the Government. Of the \$237,000,000, \$181,000,000 is the amount that was impounded and either has been, or will be, paid back as a result of the decisions of the Supreme Court. This amount has been collected by the processor, or by the persons who caused the tax to be impounded. The tax has been passed on, in most cases, to the consuming public, who has paid them. The balance, \$56,000,000, should have been paid but was refused, in anticipation of the Supreme Court decision on the Agricultural Adjustment Act by those who collected it. It was due but not paid.

The floor-stock tax and the refund in connection therewith is a different proposition, although related to the \$237,000,000. The net revenue obtained from the windfall tax must take into consideration such refunds. This refund will not inure to any processors, as none had paid any tax on any processed commodities which were in the hands of some person or firm on January 6, 1936, to whom they had sold their processed commodity. Its purpose is to refund to those with floor stocks that which they would have received if the law was terminated by proclamation of the Secretary of Agriculture, as provided in the Agricultural Adjustment Act. The floor-stock refund will inure to those who purchased from a processor and paid him the tax at the time of purchase, and who had all or a portion of the processed commodity in their possession on January 6, 1936.

When the Agricultural Adjustment Act was passed these persons were compelled to pay a flour-stock tax on what they had on hand at that time. It is only fair that they should receive a refund consideration.

It is my understanding that \$98,000,000 was collected at the time when the original A. A. A. was passed and the floor-stock tax, as provided therein, was imposed. There are many small independent packers who are worried about the effect of this tax, and properly so. My purpose is to try to state the situation as it will undoubtedly present itself to them so that they may realize that they are going to be dealt with as equitably as the circumstances can possibly permit.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. McCORMACK. The committee has been very fair. The subcommittee has worked very hard. Every member of the subcommittee, both Democrat and Republican, worked diligently. They have brought out a very fine bill; as fine a bill as could be brought out under the circumstances. They have done a remarkable job and have been equally considerate with reference to the so-called windfall tax. Instead of confining the tax imposed in this bill to the processing tax which had been imposed and collected, and by levying the 80 percent as provided herein, we provide that if the business of any concern was wholly in processed commodities, even if it collected the tax but had not made a net profit, then it will pay nothing. In other words, if an owner has not received a net profit from a business which is entirely transacted in connection with processed commodities, he will pay nothing, even though he has collected the tax.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BEAM. By that does the gentleman mean with a processing tax in effect on pork products, if there has been a deficit in other branches, for instance, in meat, could the packer charge off his deficit on beef and correlated products?

Mr. McCORMACK. If his entire business is transacted in connection with processed commodities, and in the conduct of such business he sustained a loss, he can. If not, he can segregate the processed commodity and then if he sustained a loss in connection with that, even if he collected the tax, but in the ordinary business he sustained a loss, he will pay no tax.

Mr. BEAM. That is what I want to make sure about. If the tax is not collected on products other than pork, he can off-charge it. Is that true?

Mr. McCORMACK. If it is absorbed he will not pay any tax. Even if he collected the tax, and he sustained a loss on the processed commodities, then he will not pay any tax. If he made a profit and the profit had nothing to do with the tax itself, even if the tax was imposed, that profit will not be subject to the 80 percent.

Mr. BEAM. That is what I wanted to make sure of.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. O'CONNOR. Has any method been devised by which it can be determined whether these processing taxes were passed on or repaid?

Mr. McCORMACK. That, of course, is a matter which the books undoubtedly would show in the ordinary conduct of the business. I think that could very fairly be ascertained.

Mr. O'CONNOR. I understand in some instances it is practically impossible of any economical or accounting proof.

Mr. McCORMACK. I am satisfied that under the wording of this bill, with the intent of the committee, with the knowledge I have of what the Treasury intends to do, from my talks with Commissioner Helvering and his associates, that no businessman, big or little, affected by this tax, need have any hesitancy or fear about equitable consideration.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield for a further question?

Mr. McCORMACK. Certainly.

Mr. O'CONNOR. Is it assumed that all these taxes were passed on? Is that the basis of dealing with them?

Mr. McCORMACK. No; the basis of dealing with them is a hands-across-the-table attitude.

Mr. O'CONNOR. Will the taxpayer or the processor who paid the tax have any opportunity to prove they were passed on or paid back?

Mr. McCORMACK. Absolutely. I think there is a presumption running in favor of the tax being imposed.

Mr. SAMUEL B. HILL. If the gentleman will yield, that is the prima facie presumption; but it is subject to rebuttal.

Mr. McCORMACK. But if any owner, even if he collected the tax, can show that his business relating to the processed commodity resulted in a loss, he would not be compelled to pay the tax; and if he shows he sustained a partial loss there will be an apportionment made. In other words, there is the

intent to be extremely fair to businessmen and there is no necessity for any businessman having any fear. I have in mind only one thought to convey to them, and that is this: They should come before the Treasury Department with clean hands, lay their cards on the table, and not try to hide any of the facts. If they do this, creating no suspicion with reference to their motives, they may well be assured that the operation of this bill and the provisions contained in this law with reference to the "windfall tax" will be administered equitably and with a regard to the ability of small business to pay any tax they may owe.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, the gentleman is making a very fine statement, in which the committee is greatly interested. I ask unanimous consent that he may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McCORMACK. I have taken this time because I realized there was a lot of natural fear entertained over the operation of this section of the bill. Members representing districts in which there are processors or independent packers, big or little—and let me say here there is not one processor or independent packer located in my district—spoke to members of the committee with respect to this title of the bill. It occurred to me, therefore, that it might not be amiss to state the true situation as I understand it in order that our colleagues and those interested might know the manner in which this law is to be administered.

Also, if he made a profit in two businesses, a regular business profit on which the processing tax was not applied, and he absorbed the tax, he will pay nothing. If a part of his business is in a processed commodity and a part is not, the activity in connection with the processed commodity will be segregated, and even if he collected the tax and had a net loss in connection with the processed commodity, under the bill he will pay no tax. Even in this case if he made a profit in the ordinary course of business and absorbed the tax he will pay nothing. If he collected the tax and made a net profit less than the amount of the tax, and a part or all of the net profit is attributed to the collection of the tax, it will be apportioned, and the tax will be imposed on that part relating to the processing tax collected.

If the tax was absorbed, no tax will be paid; if in part, only on that part collected. All persons subject to payment of processing taxes will be treated fairly. All efforts will be made to view the situation confronting each manufacturer and processor equitably. All doubts as to liability will be profoundly considered. I hope, as I am confident, that ability to pay even where processing taxes in whole or in part have been collected and where collection would mean bankruptcy will also receive practical consideration.

From my talks with Treasury officials I feel confident that every honest and equitable consideration will be extended. As I stated before, my best advice to all affected by this bill is to deal with the Treasury Department with clean hands, tell the truth, lay the cards on the table, and deal with the Government in a fair and square manner. [Applause.]

It is recognized that the independent or small-business man or firm affected is faced with grave business difficulties. Take, for example, pork, the first processing tax applied; in the first instance at 50 cents per 100 pounds, later at \$1 per 100 pounds, and later at \$2.25 per 100 pounds. The large processors were able to stock up when the tax was 50 cents, whereas the little fellow could not. The little fellow paid the \$1 tax and in most cases \$2.25. This increased his production costs. The big processor who bought live hogs in large numbers, paying the 50-cent tax, had a big advantage in the competitive field. This fact is realized and appreciated.

To further illustrate:

First. Assume taxpayer is in business of hog processing and pork packing during 1935; he brought an injunction suit and paid \$10,000 in processing taxes into court, which amount was subsequently refunded to him. After the refund was made he still showed a net loss of \$5,000 on his business for

1935. He is not subject to any windfall tax, since the tax in no case applies unless there is net income.

Second. Assume the same facts, except that the processor shows a profit for the period on his business of \$5,000. This amount will be subject to the windfall tax unless the taxpayer is able to show that the burden of the processing tax was not passed on to others. If he is able to establish that he absorbed the tax, then the \$5,000 would be subject only to the ordinary income tax on business profits.

Third. Assume that taxpayer is engaged in the business of flour milling and is also a dealer in coal. During 1935 he makes a profit of \$10,000 on his coal business and shows a loss of \$15,000 on his flour-milling business. During this period he brought an injunction suit to restrain the processing tax on wheat and paid \$10,000 in the court, which was subsequently returned to him. No tax is due under the windfall tax, without regard to any question of passing on, since the taxpayer still showed his net loss on his flour-milling business after the \$10,000 was repaid to him, and there is no base to which the tax could apply. The \$10,000 profit on the coal business is subject only to the ordinary income tax.

Fourth. Assume a similar case, except that the taxpayer shows a profit of \$15,000 on his flour-milling business and a loss of \$15,000 on his coal business. The taxpayer is subject to the windfall tax on \$10,000 processing taxes refunded to him unless he is able to show that he absorbed the burden of the tax. The loss on the coal business cannot be offset against the profit on the flour-milling business.

I again urge those affected to come in with clean hands. All factors will receive proper and equitable considerations by the Treasury Department. The desire is to protect the interests of the people who have paid the tax and at the same time to give to business practical and equitable considerations. Fear should not exist among businesses affected. They have been given by the committee and will receive from the Treasury the squarest deal they are entitled to. [Applause.]

[Here the gavel fell.]

The Clerk concluded the reading of the bill.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, he reported the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended be passed.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. TREADWAY. Mr. Speaker, I offer a motion to recommit.

The Clerk read as follows:

Mr. TREADWAY moves to recommit the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, to the Committee on Ways and Means.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question recurs upon the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, it was understood pretty generally, I think, that there would be no vote on the passage of the bill today. Quite a number of the Members are away. This was the understanding the other day. I trust that the vote on the final passage of the bill may go over until tomorrow.

Mr. Speaker, I ask unanimous consent that the vote on the final passage of the bill may go over until tomorrow.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. Is it the understanding that the vote on the passage of the bill will be the first order of business after the reading of the Journal tomorrow?

The SPEAKER. That is correct.

Mr. BANKHEAD. I thank the Speaker.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina that the vote on the final passage of the bill may go over until tomorrow?

There was no objection.

FIFTY-CENT PIECES IN COMMEMORATION OF THE ONE HUNDREDTH ANNIVERSARY OF THE INCORPORATION OF BRIDGEPORT, CONN.

Mr. MERRITT of Connecticut. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 4229) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the incorporation of Bridgeport, Conn., as a city, as amended by the committee. The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the one hundredth anniversary of the incorporation of the city of Bridgeport, Conn., there shall be coined at a mint of the United States to be designated by the Director of the Mint not to exceed 10,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

SEC. 2. The coins herein authorized shall bear the date 1936, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be issued only upon the request of the Bridgeport Centennial, Inc., Bridgeport, Conn., upon payment by it of the par value of such coins, but not less than 5,000 such coins shall be issued to it at any one time, and no such coins shall be issued after the expiration of 1 year after the date of enactment of this act. Such coins may be disposed of at par or at a premium by such Bridgeport Centennial, Inc., and the net proceeds shall be used by it in defraying the expenses incidental and appropriate to the commemoration of such event.

SEC. 3. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention of debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized.

With the following committee amendments:

Page 1, line 6, strike out "to exceed 10" and insert "less than 25."

Page 2, beginning in line 10, after the word "coins", strike out all the remainder of line 10 and all of lines 11 and 12 and "of this act", in line 13.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FIFTY-CENT PIECES IN COMMEMORATION OF ONE HUNDREDTH ANNIVERSARY OF THE ESTABLISHMENT OF THE TERRITORIAL GOVERNMENT OF WISCONSIN

Mr. WITHROW. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3842) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the establishment of the Territorial government of Wisconsin, and to assist in the celebration of the Wisconsin Centennial during the year of 1936, as amended by the committee.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the one-hundredth anniversary of the establishment of the Territorial government of Wisconsin, and to further and give added meaning to the centennial celebration of said State during the year of 1936, there shall be coined at a mint of the United States to be designated by the Director of the Mint not to exceed 20,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design, containing some recognized emblem of the State of Wisconsin, to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

Sec. 2. The coins herein authorized shall bear the date 1936, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be issued only upon the request of the chairman of the coinage committee of the Wisconsin Centennial Celebration upon payment by him of the par value of such coins, but not less than 5,000 such coins shall be issued to him at any one time and no such coins shall be issued after the expiration of 1 year after the date of enactment of this act. Such coins may be disposed of at par or at a premium by such committee, and the net proceeds shall be used by it in defraying the expenses incidental and appropriate to the commemoration of such event.

Sec. 3. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention of debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized.

With the following committee amendments:

Page 1, line 8, strike out "to exceed 20" and insert "less than 25."
Page 2, line 13, strike out "5" and insert "25."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FLOOD CONTROL—NOW OR LATER

Mr. WALLGREN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein copy of a national broadcast made by myself on the subject of flood control.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. WALLGREN. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address which I delivered over the radio on April 22:

Flood control—now or later—I wonder should one dare to prophesy that some day this Nation will awaken and meet the challenge of waters that are menacing life, land, and property. At this moment the Nation is again flood conscious—will it be so tomorrow? To my mind there is no evading the final outcome—flood waters will have to be controlled.

During two Congresses I have been a member of the Flood Control Committee of the House of Representatives. Scores of worthy projects have come to the attention of that group. Each of these projects is additional evidence of the need for a comprehensive national program. Each project presents its own peculiar problem and indicates that the local interests have been unable to meet the situation. Yet the magnitude and cost of an effective program balks all action—action which may have been recognized as inevitable but toward which few steps have been taken. One of President Roosevelt's first moves was to appoint the National Resources Board and subsequently the Water Planning Committee to study national resources and the water problem. These boards have taken definite steps toward the coordination of the available information. The Soil Erosion Service has already done good work toward control of surface water with its continual erosion.

However, little study is needed to show how unyielding are the waters and how meagerly has the national problem been met. While flood losses reach new peaks, the fundamental problem remains unchallenged. An omnibus flood-control bill was passed by the House last year. If adopted by the Senate, this measure will be the first Nation-wide effort to control floods.

Favorable action may now be gained on this bill, because we as a Nation are again flood conscious. Instead of an academic question as to the Federal Government's part in a flood-control program, it is now a question of relief, rescue, and rehabilitation following the worst flood in our history.

This recent and greatest of our many flood catastrophes should bring a majority of the public to a realization of our needs. For the well-being of the entire Nation this realization should not be allowed to subside until a comprehensive national program is formulated and adopted. If cold statistics would arouse public opin-

ion, arouse it as does the trail of destitution and destruction left in the wake of flood, then surely a comprehensive flood-control program would be undertaken.

Support of the people is doubly necessary as the burden of proof in flood control always rests with those seeking a solution to the problem. We, as a people, are always ready to open our pocketbooks to help those made destitute by natural disaster. Seemingly, however, we hate to give a little each year in order that control may make disaster impossible.

This reluctance is due, I think, to the fact that only in time of nationally publicized floods do we know the immense loss annually to all sections of the Nation. There is no agency which accurately and systematically collects and studies information on the continuous direct and indirect flood loss.

Only a rough estimate of the total cost of floods is known. Flood-control opponents say that catastrophe comes only once in decades. The New England floods of 1927 were supposed to have been the share of that section for many years to come. The rivers this year forgot to look at the calendar.

But catastrophes aside, let's see what floods cost us each year. The Weather Bureau tells us that the loss during the last 33 years was \$1,338,106,796. Nearly a billion and a half and no one has attempted to estimate the value of the 2,400 lives lost in floods during that period. Little attempt has been made to figure the loss from soil erosion, from interrupted transportation, from the impetus given the spread of disease or from the many other sources which, though difficult to figure, cannot be ignored.

Based upon the Weather Bureau figures, the annual loss would approximate forty and a half million dollars. The water planning committee makes another guess—it says \$35,000,000. Both of these estimates consider only the tangible losses. The water planning committee thinks the intangible loss would be about \$35,000,000; so its guess as to the total annual loss is \$70,000,000.

Now, accepting the conservative flood-loss estimates as we have them, let me ask you to consider this problem as businessmen. What would you do if your business were faced with a preventable annual loss? Suppose that new equipment would eliminate this loss. There is but one answer, you would spend the money, buy the new equipment, and eliminate the loss. If a truck is costing more in repairs than you would have to pay for a new one, you would buy a new truck.

On a larger scale the Great Northern Railway gives us an example of long-term planning for profit in circumstances very similar to those surrounding flood control. In constructing the 7-mile tunnel through the solid granite of the beautiful Cascade Mountains in Washington State the railway company was looking to the future.

On the high railway grade the tracks were endangered by snow slides. Lives and property were constantly threatened. No one could tell just when a snow slide would occur. But the railway company couldn't trust to luck hoping that slides would cause no more damage. It proceeded to pinch pennies, figure the cost, and the probable return. The probable saving was balanced against the cost. Over a period of years the savings would more than pay for the construction.

Rather than balance the budget, the railway company went into debt over a period of years. It undertook this debt, not because a new track was absolutely necessary but because it would save money and probably lives. By spending millions of dollars in the 4-year construction period, savings were made possible each year thereafter.

The good business principles which led to the construction of this tunnel should and must be applied by this Nation to flood control.

How are we going to apply these principles? The answer is—by letting prevention of flood loss return dividends on whatever is spent. It is certain that the annual flood loss can be set at a minimum of \$70,000,000.

In reaching conclusions as to the economic feasibility for river and harbor projects the Corps of Engineers demand a return of at least 4 percent on the capital invested. That is—the yearly savings made possible through the original expenditure must equal at least 4 percent of the total cost.

Applying this bookkeeping to flood control and capitalizing the annual flood loss (\$70,000,000 at 4 percent), we have \$1,780,000,000. It would be economically feasible for this Nation to spend a billion and three-quarters on a comprehensive program which would end disastrous floods.

In addition to flood loss we have an unemployment problem which promises to be pressing for some time. A part of any money spent on a flood program might well be charged against the need for unemployment relief. This makes the suggested expenditure doubly or triply feasible.

Flood projects would save money for all sections of the country and would materially benefit the Nation. During the last 33 years floods have been no respecter of locality. The 1933 floods in the Pacific Northwest ran up a loss of better than \$15,000,000. Last year the Atlantic slope drainage area reported a \$16,000,000 loss. In 1927 the North Atlantic loss was close to \$50,000,000, and in 1921 Texas losses approached \$30,000,000.

In coming years we cannot afford to sacrifice purchasing power. The close connection between floods and purchasing power has long been recognized. Bradstreet's review of business conditions has frequently mentioned the adverse effect of floods on general business.

We have just had one illustration of the drain disaster places on each State. Recent destruction has tapped directly the

pocketbook of every section of the country. Red Cross appeals have appeared in almost every newspaper. But this is just one of the many flood catastrophes in which the Red Cross has aided. A report of that organization shows that in the past 11½ years it has spent more than twenty-one and a half million dollars to assist 228,000 families in disaster relief extended as the result of river floods in the United States.

This report further states that "at the present time the Red Cross is operating in flood relief in 13 or more States for which millions of dollars will be expended."

The Federal Government made its first donation for relief of flood-disaster sufferers in 1874, when it appropriated \$90,000 for the aid of destitute along the lower Mississippi.

Today the Works Progress Administration has earmarked more than \$18,000,000 for expenditure on emergency flood projects this spring.

Such conclusive figures should indicate the needs, but what steps should be taken remains the moot question.

The flood-control bill which passed the House last year provided for projects in 30 States. It would truly inaugurate a comprehensive program.

The possibilities of such a program are attested by a single headline in the New York Times of March 29. This was over a news item concerning the Vermont floods this year. I will quote that headline: "Flood in Vermont tamed by three dams." The subheadline continues, "Winooski Valley, which in 1927 had 55 deaths and heavy damage, almost untouched." The dispatch in the Times goes on to state that had the dams not been built, with relief labor, the unchecked waters "would have produced destruction quite as serious as that of 1927."

In order that projects already undertaken with relief funds, and those which may be approved by Congress, may be properly coordinated into a lasting flood-control scheme, a better accounting of water resources must be made.

To meet this need, I have drafted a bill which would create a National Flood Control Commission. This commission would be an independent agency charged with the development of water projects into comprehensive drainage and regional schemes. This would prevent haphazard development, such as we find in many sections of the country today; as in flood work one project is often dependent upon another. Where work has been started the commission would fit such plans into a comprehensive scheme and recommend further steps to increase the beneficial returns.

Where no project has been started it would investigate needs and review plans submitted by States and local interests. As I have already suggested to Congress, our flood program might parallel, in some respects, our Federal-aid highway program. In dealing with projects and plans developed by States, the Commission would make every investigation necessary to correlate such projects into the national scheme if preliminary study indicated the general worth of the plans.

Today the vital need for coordination is apparent even though the Federal Government did not spend a cent in actual construction. There is a vast amount of flood-control information in scattered files here, but it is not available for comprehensive study.

My time has expired, and in closing I state my belief that only an independent Federal agency can command the technical experience of all agencies in the Government to build a long-term flood policy which this Nation, with its technical ability, should have.

IOWA AND HER INDUSTRY

Mr. WEARIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WEARIN. Mr. Speaker, industry cannot flourish if agriculture languishes and the producer of raw products must suffer if the manufacturer is forced to close his doors. The prosperity of individuals and units is woven closely within the warp and woof of the welfare of the masses.

What is true of the Nation is equally true of the Commonwealth of Iowa, looked upon primarily as a grainery, a producer of meat, lard, and things edible, progressing in the said methodical but steady manner so characteristic of growing things.

I have commented upon the rural aspect of the Hawkeye State, its products, and the future of its agriculture. These things are coming more and more to be bound up inseparably with labor and industry, not only in surrounding areas, but within the State's own boundary lines, especially since the territory is rapidly becoming the center of a vast, growing industrial section, surrounded by the rich markets of Chicago, St. Louis, Omaha, Minneapolis, and Denver. Within another decade Iowa will become the center of a vastly larger consuming market in America.

The principal transcontinental lines of travel fling themselves across the fertile prairie lands of the Commonwealth

that nestles between the two great navigable river systems, the Mississippi and the Missouri, stretching like ribbons of muddy, molten silver to the ports along the Gulf.

The State's position near the geographic center of the United States makes it an ideal location for industries seeking a far-flung market in the North, South, and Middle West. Iowa coal is of such a quality that it can be used successfully for heat and energy; this, coupled with the possibilities for the development of hydroelectric power, would provide electricity which can well be distributed to every hamlet and farmhouse in the Commonwealth, in addition to being made available for industrial purposes about which I have commented at greater length upon other occasions. Suffice it to say here that we have only scratched the surface, and the final result will be complete rural and industrial electrification at a reasonable charge for power.

Another vital factor in Iowa's manufacturing past and future is the human element, the inherent intelligence of her workmen, their ability to adapt themselves to new conditions, to become skilled in every line of endeavor, and to take keen interest in their work. There are few labor troubles, which is a tribute to the fairness and intelligence of both workers and employers. Frequently men in the shops and the plants own their own homes and contribute extensively to their community life. A majority of them are native Iowans and because of their intelligence and training in the most literate State in the Union are able to increase production in almost any type of plant. In 1929 Iowa manufacturers employed more than 82,000 laborers, purchased materials worth \$562,000,000, and turned out products valued at \$908,000,000. Their value added by manufacture was \$328,000,000.

Iowa ranks approximately twentieth among the States in manufacturing, which position it has held since 1921. Although long recognized as the leading farm State, it has not generally been regarded as one that exceeded 22 other States in per-capita manufacturing. Her factories stand second only to her farms as producers of wealth and, in fact, factory income is not far below farm income in the State.

It is impossible to do more than discuss a few of Iowa's major industries in this rather sketchy review of her resources. A recent innovation in the State's manufacturing circles that is worthy of note, more for the sake of its potentialities than its present state of development, is the production of commodities from agricultural wastes, inspired and publicized in large part by Prof. O. R. Sweeney, of Iowa State College, at Ames, who comments as follows:

Great industrial developments are usually built up in regions of abundant raw-material supply. This is especially true when the raw materials are present in large quantities and are supplemented by abundant supplies of other necessary materials, such as coal and water. Conditions favorable to such a development, using agricultural wastes as raw material, are present in the State of Iowa. There are produced annually in Iowa about 15,000,000 tons of cornstalks, 3,000,000 tons of corncobs, three-fourths of a million tons of oat hulls, 9,000,000 tons of oat straw, and about one and a half million tons of other straws. These materials are considered as waste materials, since they are largely wasted or are used for purposes where they have very little value.

These materials have been found to possess tremendous possibilities as raw materials. They are composed essentially of cellulose, lignins, and pentosans. Cellulose is, of course, the fundamental raw substance for innumerable products, such as paper, lacquers, rayon, moving-picture film, and smokeless powder. In the less refined form, cellulose obtained from cornstalks and corncobs constitutes the raw material for an extended variety of synthetic building materials, such as insulating board and wallboard, ranging in hardness, strength, and density from cork to ebony.

All of the products mentioned have been produced in the laboratory, but only the last named on a commercial basis. There are many types of the product; that made from pith is lighter in weight and better than cork board as a thermal insulator. What is known as mechanical board made by pulping entire cornstalks is stronger than the pith board and practically as good as a heat insulator. The boards from cooked pulp are still stronger, but not as satisfactory when used as heat insulators. The hardest and strongest of the

series of board products is malzolith. This is made by heating cooked cornstalks to a jellylike pulp and drying to hard, hornylike mass. The material is then machined to the desired size and shape. It makes a satisfactory material for silent gears and electrical insulating parts.

I have been informed that the potential demand for insulation materials, especially board, in the United States is estimated at 10,000,000,000 square feet a year, while an estimate of the annual production of rigid and nonrigid types made prior to 1932 placed the volume at 525,000 square feet. There is a tremendous potential market in this field at home, not to mention foreign territories. If cornstalk board could absorb the difference between production and demand approximately four and three-quarter million tons would be required, which would bring to farm producers and those baling and transporting the stalks about \$47,000,000 plus annually. In addition the industry would supply a market for large sums of money, labor, coal, and supplies. There is likewise a potential market for pressed board, but it is less definitely known. It will undoubtedly be large, because it has many advantages in the construction of panels for automobiles, trucks, Pullman cars, and interior trim. I dare not do more than touch lightly upon the possibilities of cornstalks, corncobs, oat hulls, and straw as a source of byproducts at this time and place lest my estimates prove entirely too low. It is known that the products contain the necessary ingredients for the manufacture of many things, however, such as tar, illuminating gas, linoleum, punk, white lead, incense, and wood-flour substitute.

Meat packing quite naturally is Iowa's largest industry. In 1932 the State ranked fourth in production, and is second only to Illinois in the output of pork products. It is the most rapidly growing enterprise in the territory, and an abundant supply of meat animals gives promise of continued expansion. As far back as 1929 the industry's production in Iowa represented 20 percent of the total in the United States, and 2.5 percent of the production of all industries in the State.

Poultry dressing and packing is likewise a growing industry in Iowa. In 1923 the total value of the product was \$8,352,807. Iowa is the center of the poultry-raising area, with excellent supplies of feed and a convenient market, which indicates that the State may well become the leader in the industry. In fact, Iowa, because of livestock supplies, appears to be a logical location for continued growth in the entire packing industry. It not only has the cattle, hogs, sheep, and poultry, but is so located that the killers can operate economically. Transportation facilities, previously mentioned, are excellent, and the hauls to many large municipal areas are short. The tendency in the future will undoubtedly be toward curing and selling more products, rather than endeavoring to market large quantities of green meat.

The value of flour and grain-mill products in Iowa in 1929 was 1.3 percent of the total United States production of the industry and 1.5 percent of the total output of all Iowa industries. Iowa has an advantageous location for the establishment of mills for grinding not only her own grain products, but wheat in particular. A mill within the area can draw the product from the Northwest and Southwest territories, including the States of Kansas, Montana, Wyoming, Nebraska, Texas, Oklahoma, and the Dakotas. The product can be brought to Iowa, milled, and moved on to eastern points at the through rate from point of origin to destination. Bakers have indicated that the best bread is made from flour with the proper proportion of protein and gluten content, obtained by blending the wheat from various States. Of course, Iowa has a distinct advantage in this respect in view of the fact that her area lies directly in the pathway of east-bound freight that feeds the more populous sections of our country and is thus in a position to become an even greater processor of grain products, especially wheat.

Printing and publishing is a sizable industry in Iowa, having increased by 25 percent since 1921. In 1932 the value of its annual yearly production was approximately \$36,000,000 plus. The State ranks ninth among all the States in the number of publications issued. It is fourth in the number of

weekly newspapers and sixteenth in the number of monthly publications.

It is evident from these facts that Iowa has a large number of unusually fine daily and weekly newspapers and many readers thereof in every section. Their standing in comparison with publications in other parts of the country is evidenced by the many awards they have received from such groups as the National Editorial Association.

The cement industry in the Hawkeye State ranges in the neighborhood of 4.1 percent of the total United States production; clay products equal approximately 1.9 percent. In both instances the supply of materials is adequate to continue the respective industries for many years to come. Of late the market for cement has been curtailed, but will undoubtedly expand with the increase of industrial activity throughout the Nation.

Textiles constitute an important source of revenue for Iowa manufacturers. We produce about 2.1 percent of the total production in the United States of men's, youth's, and boy's clothing (except work clothing); approximately 1.4 percent of the total United States production of women's clothing; 2 percent of the total production of work clothing, with the exception of work shirts; and 3.7 percent of the total production of cloth and cloth and leather gloves. One of the most noted of American glove factories is located at Grinnell, Iowa.

Clay deposits constitute an important natural resource in the State and undoubtedly offer a promising future, not only in the field of building and ornamental brick, firebrick, and drain tile but in the production of other ceramic products. One of the largest brick and tile plants in the world is at Mason City. The industry is eighteenth in the State, with a total value of its products that runs between five and six million dollars.

Iowa plants turn out an extensive variety of products concerning many of which data is not available. About one-fifth of the State's manufacturing output naturally represents the processing of farm products, such as meat, milk, corn, and poultry. They have offered to consumers some of the finest meats, breakfast foods, corn products, soaps, flour, cheese, butter, and feeds on the American market.

The farm market has inspired the development of farm-machinery plants, with tractors, threshing machines, and gas engines very much in the lead. As far back as 1927 Iowa was second in the production of windmills and fifth in harness. The State is supreme in the manufacture of washing machines, supplying nearly one-half the national output. Even though the Commonwealth is not a timber State, it ranks high in planing-mill products—first in sashes, fourth in doors, and tenth in window and door frames.

Iowa is fifth in the production of dairymen's, poulterers', and apiarists' supplies, and maintains an important position in the field of wagon manufacture, motor-vehicle bodies and parts, gas engines, sheet-metal work, wirework, and numerous other products designed chiefly for the farm market.

Two industries deserve special attention because of their exploitation of relatively rare raw materials—gypsum and clamshells. Iowa has produced from one-eleventh to one-seventh of the Nation's gypsum products in the years since 1914, being second only to New York in output. As a center for the button industry, Iowa ranks second only to the Greater New York area, Muscantine being one of the world's leading centers of button manufacturing.

Mr. H. H. McCarty, of the University of Iowa, said very well in the Book of Iowa that—

Never spectacular, but always important, are the industries to be found in nearly every locality designed to supply the wants of the local population. Limited by their nature to a geographically small market, their products seldom are found beyond the limits of a county, State, or perhaps a half-dozen adjoining States. Because they arise wherever one finds clusters of population, these industries rarely attract widespread attention. In Iowa, however, they contribute nearly one-third of the manufacturing income. Important among their products are printing, manufactured ice, ice cream, confectionery, bakery products, beverages, stonework, paving materials, rag rugs, tents, awnings, foundry and machine-shop products, electroplating, and railroad-shop products.

I am confident these small, local industries will grow in years to come. Every community should cooperate in an

effort to stimulate them as they serve to augment agricultural production, absorb unemployment, and take up the slack in years when farming operations are not as profitable as they should be. Certain localities are peculiarly suited to the production of unique or specialized products for which there is generally a market, sometimes limited, but often extensive if cultivated. I have in mind the fact that some territories have unusually fine clays suitable to the manufacture of pottery, reeds for the making of outdoor furniture, and so on, through a considerable field of activity. Any local initiative should be encouraged by service organizations, as it may prove to be unusually lucrative not only to the producer but to many others with whom he comes in contact.

I trust it will be remembered that it is impossible for me in a brief address to do more than touch the high spots of Iowa industrial activity. There are many enterprises now coming to the fore within the confines of the State that are bidding for prominence in the annual production of the Commonwealth. We have a promising future in the field of manufacturing as well as agriculture. Fortunately transportation facilities as far as railroads are concerned are excellent, which with the proper rate schedules will facilitate the development of the manufacturing business. Of late years it has been augmented with the rise of trucks and busses, water transportation, and airplanes. Our State is directly in the pathway of the transcontinental air lines.

There is one remaining development of tremendous importance to the industrial welfare of our Midwestern State that should be advanced, and that is the matter of power, to which I referred earlier in these remarks. Fortunately we have a comparatively ample supply of coal in several regions of the State which can be used to advantage in mine-mouth operation of electrical units and municipal plants, which procedure would probably be one of the most economical methods of using the product and at the same time would stimulate the employment of many men in that particular field. Soon after I came to Congress I began urging upon the Government a proposal for a Missouri Valley authority of a similar character to that operating so successfully in the Tennessee Valley. Since that time the distinguished Senator from Nebraska [GEORGE W. NORRIS] has offered a proposal for a Mississippi Valley Authority, which would include the Missouri and other tributaries of the Father of Waters and would obviously be a vastly greater and more commendable program than my own. If the people will demand such a project, with a view to acquiring electrical energy at a reasonable rate for manufacturing purposes and rural electrification, industrial activity in Iowa will advance by leaps and bounds. The manufacturer and his workmen as well as the producer of raw materials will find a suddenly enhanced demand for their efforts, and thus the Hawkeye State will find herself on the highway to an even greater place in the field of industrial production which can further augment her tremendous agricultural income from the rich soil of her many fertile hills and valleys.

A PROPER BASIS FOR FEDERAL INTEREST IN A COMPREHENSIVE PLAN FOR FLOOD CONTROL

Mr. WILSON of Louisiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address which I made before the Rivers and Harbors Congress on the subject of flood control.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WILSON of Louisiana. Mr. Speaker, under leave to extend my remarks in the RECORD I insert the following address by me before the National Rivers and Harbors Congress, Washington, D. C., April 27, 1936:

Mr. Chairman, ladies and gentlemen of the Congress, we have witnessed in 1935 and 1936 another wasteful and destructive series of floods. The flood problem is becoming a real menace to this country. Lives have been lost, homes have been swept away, and destruction of property by floods in recent years has amounted to an annual average of approximately \$300,000,000; for the present year, \$500,000,000.

Therefore I deem it important that there should be recognized and definitely established a proper basis for Federal interest in a comprehensive plan for flood control, Nation-wide in scope and character.

During the present Congress the Committee on Flood Control of the House of Representatives has reported favorably 63 bills for preliminary surveys for controlling floods on streams in all sections of our Nation, many of which have been enacted into law. We have also reported and secured the passage of Senate bills for the same purposes.

Following each disastrous flood of the present year our committee has requested immediate surveys and reports on plans for the prevention of disaster in the future.

The act creating the Committee on Flood Control provides that the reports on such surveys shall include the economic value of the project, the cost of its execution, and a disclosure as to whether or not a Federal interest is involved, and if so, the extent of such Federal interest.

These examinations and surveys and the reported results thereof are under the direction of the Secretary of War and the supervision of the Chief of Engineers.

The controlling factor for the approval and execution of the projects is the extent to which a Federal interest is involved and to which the Federal Government should participate.

There has never been any general declaration by the Congress establishing the basis for the determination of what constitutes the Federal interest and establishes a national obligation.

I am sure that the War Department and the Corps of Engineers of the Army would be glad to have such a declaration for an established policy now, and such action would meet the hearty approval of the public.

At the first session of the present Congress I introduced H. R. 8455, which provided a comprehensive plan for flood control on streams throughout the Nation and approved projects according to merit, based upon economic value and for the protection of human life and property. This bill, having received a favorable report by the Committee on Flood Control, passed the House and is now before the Senate with certain amendments and with a favorable report from the Committee on Commerce.

One of the Senate amendments sets forth a declaration of policy, admirably designed, and which, in my judgment, establishes a proper basis for Federal interest and participation in the comprehensive plan, if enacted into law, and is so important that I should read it:

"DECLARATION OF POLICY

"SECTION 1. It is hereby recognized that destructive floods upon the rivers of the United States, upsetting orderly processes and causing loss of life and property, including the erosion of lands, and impairing and obstructing navigation, highways, railroads, and other channels of commerce between the States, constitute a menace to national welfare; that it is the sense of Congress that flood control is a proper activity of the Federal Government; that investigations and improvements of rivers and other waterways for flood-control purposes are in the interest of the general welfare; that the Federal Government should improve or participate in the improvement of streams for flood-control purposes if the benefits to whomsoever they may accrue are in excess of the estimated costs, and if the lives and social security of people are otherwise adversely affected; and that the interests of the Federal Government are particularly involved in such flood-control improvements as may otherwise be impracticable of initiation or execution on account of complications of relationships between States, their political subdivisions, or local organizations.

"SEC. 2. That, hereafter, Federal investigations and improvements of rivers and other waterways for flood control and other purposes shall be under the jurisdiction of and shall be prosecuted by the War Department under the direction of the Secretary and supervision of the Chief of Engineers; and that in his reports upon examinations and surveys, the Chief of Engineers shall be guided as to flood-control measures by the principles set forth in section 1 in the determination of the Federal interests involved."

So I submit to this Congress that this bill, with the projects approved by the House and the Senate, or that may be agreed upon in conference, with the declaration of policy, gives us a starting point for the final solution of the flood-control problem.

The execution of this comprehensive plan, by reservoir construction and stream control, will coordinate with the final completion of the project now under way in the alluvial valley of the Mississippi River from Cape Girardeau to the Gulf of Mexico, and assure greater safety and security. This project for flood control in the alluvial valley was approved as a national problem and obligation of the Federal Government by the Flood Control Act of 1928.

In view of the past record of service rendered by the National Rivers and Harbors Congress, the public may feel assured of your continued efforts to make every opportunity available for protection and safety, and the conservation and beneficial use of streams and watersheds of our Nation.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. DARDEN (at the request of Mr. SMITH of Virginia), until Thursday, on account of official business attending meeting of Board of Visitors at the Naval Academy.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1435. An act conferring jurisdiction upon the United States District Court for the District of Connecticut to hear, determine, and render judgment upon the claim of Elizabeth Kurau; to the Committee on Claims.

S. 2158. An act for the relief of Franz J. Feinler; to the Committee on Military Affairs.

S. 2243. An act relating to the allocation of radio facilities; to the Committee on Interstate and Foreign Commerce.

S. 2694. An act to add certain lands to the Columbia National Forest in the State of Washington; to the Committee on the Public Lands.

S. 3053. An act conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes; to the Committee on Indian Affairs.

S. 3067. An act for the relief of A. J. Watts; to the Committee on Military Affairs.

S. 3080. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of John W. Hubbard; to the Committee on Claims.

S. 3191. An act for the relief of John C. Crossman; to the Committee on Claims.

S. 3241. An act authorizing adjustment of the claims of F. L. Forbes, John L. Abbot, and the Ralph Sollitt & Sons Construction Co.; to the Committee on Claims.

S. 3296. An act to authorize certain payments to the American War Mothers, Inc.; to the Committee on the Judiciary.

S. 3301. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes; to the Committee on Indian Affairs.

S. 3369. An act providing for the posthumous appointment of Ernest E. Dailey as a warrant radio electrician, United States Navy; to the Committee on Naval Affairs.

S. 3441. An act for the relief of C. T. Hird; to the Committee on Claims.

S. 3452. An act to amend an act entitled "An act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes; to the Committee on Indian Affairs.

S. 3544. An act authorizing adjustment of the claim of the Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans; to the Committee on Claims.

S. 3600. An act for the relief of S. C. Eastvold; to the Committee on Claims.

S. 3607. An act for the relief of T. H. Wagner; to the Committee on Claims.

S. 3608. An act for the relief of Vinson & Pringle; to the Committee on Claims.

S. 3645. An act for the relief of Dampskib Aktieselskab Roskva; to the Committee on Claims.

S. 3652. An act for the relief of George E. Wilson; to the Committee on Claims.

S. 3762. An act to authorize the Reconstruction Finance Corporation to make loans secured by receipts on account of national-forest reserves, and for other purposes; to the Committee on Banking and Currency.

S. 3768. An act for the relief of E. W. Jermark; to the Committee on Claims.

S. 3769. An act for the relief of Marcellus E. Wright and Lee, Smith & Vandevort, Inc.; to the Committee on Claims.

S. 3784. An act to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketcham Act to the Territory of Alaska, and for other purposes; to the Committee on Agriculture.

S. 3805. An act to authorize the Secretary of the Interior to reserve certain lands on the public domain in Nevada for

addition to the Walker River Indian Reservation; to the Committee on Public Lands.

S. 3818. An act authorizing the Secretary of the Treasury to consider, ascertain, adjust, and determine certain claims for damages resulting from the operation of vessels of the Coast Guard and Public Health Service; to the Committee on Claims.

S. 3824. An act for the relief of Maud Kelley Thomas; to the Committee on Claims.

S. 3839. An act granting a pension to Randall Krauss; to the Committee on Pensions.

S. 3843. An act to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, and all other exhibits for exposition purposes; to the Committee on Ways and Means.

S. 3850. An act for the relief of Mrs. Foster McLynn; to the Committee on Claims.

S. 3861. An act for the relief of the Alaska Commercial Co., of San Francisco, Calif.; to the Committee on Claims.

S. 3907. An act for the relief of the State of Nevada; to the Committee on the Judiciary.

S. 3932. An act for the relief of Ann Rakestraw; to the Committee on Claims.

S. 3956. An act for the relief of Jacob Kaiser; to the Committee on Claims.

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 4052. An act for the relief of W. D. Gann; to the Committee on Claims.

S. 4115. An act for the relief of Charles D. Birkhead; to the Committee on Military Affairs.

S. 4116. An act for the relief of Grant Anderson; to the Committee on Claims.

S. 4119. An act for the relief of Bernard F. Hickey; to the Committee on Claims.

S. 4184. An act to amend the last paragraph, as amended, of the act entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States", approved February 7, 1925; to the Committee on Indian Affairs.

S. 4207. An act for the relief of Reuben M. Wright; to the Committee on Military Affairs.

S. 4228. An act to authorize a preliminary examination of the Salmon River in the State of Oregon with a view to the control of its floods; to the Committee on Flood Control.

S. 4230. An act to amend section 28 of the Enabling Act for the State of Arizona, approved June 20, 1910; to the Committee on Public Lands.

S. 4233. An act for the relief of William H. Brockman; to the Committee on Claims.

S. 4265. An act to authorize the Secretary of War to set apart as a national cemetery certain lands of the United States Military Reservation of Fort Bliss, Tex.; to the Committee on Military Affairs.

S. 4271. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.; to the Committee on Interstate and Foreign Commerce.

S. 4298. An act to authorize an appropriation to pay non-Indian claimants whose claims have been extinguished under the act of June 7, 1924, but who have been found entitled to awards under said act as supplemented by the act of May 31, 1933; to the Committee on Indian Affairs.

S. 4326. An act granting the consent of Congress to the Department of Public Works of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Northampton, Mass.; to the Committee on Interstate and Foreign Commerce.

S. 4353. An act to provide for the establishment of a term of the District Court of the United States for the western district of Oklahoma at Shawnee, Okla.; to the Committee on the Judiciary.

S. 4355. An act to authorize a preliminary examination of the Delaware River with a view to the control of its floods; to the Committee on Flood Control.

S. 4358. An act for the relief of Harry L. Parker; to the Committee on Claims.

S. 4359. An act for the relief of W. D. Reed; to the Committee on Claims.

S. 4360. An act for the relief of Melba Kuehl; to the Committee on Claims.

S. 4374. An act for the relief of Ruth Edna Reavis (now Horsley); to the Committee on the Public Lands.

S. 4379. An act for the relief of the Indiana Limestone Corporation; to the Committee on Claims.

S. 4391. An act authorizing certain officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered; to the Committee on Military Affairs.

S. 4395. An act for the relief of the State of New Jersey; to the Committee on the Judiciary.

S. 4400. An act for the relief of Barbara Jaeckel; to the Committee on Foreign Affairs.

S. 4405. An act to amend section 11 of the Federal Register Act approved July 26, 1935 (Public, No. 220, 74th Cong.); to the Committee on the Judiciary.

S. 4416. An act for the relief of Josephine Russell; to the Committee on Claims.

S. 4432. An act authorizing and directing the Secretary of War to lease land on the Fort Moultrie (S. C.) Military Reservation to the owners of certain cottages thereon; to the Committee on Military Affairs.

S. 4444. An act directing the Court of Claims to reopen certain cases and to correct the errors therein, if any, by additional judgments against the United States; to the Committee on Claims.

S. 4448. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va.; to the Committee on Coinage, Weights, and Measures.

S. 4470. An act to authorize the issuance of additional coins in commemoration of the fiftieth anniversary of Cincinnati, Ohio, as a center of music; to the Committee on Coinage, Weights, and Measures.

S. J. Res. 61. Joint resolution to repeal an act approved February 17, 1933, entitled "An act for the relief of Tampico Marine Iron Works", and to provide for the relief of William Saenger, chairman, liquidating committee of the Beaumont Export & Import Co., of Beaumont, Tex.; to the Committee on Claims.

S. J. Res. 219. Joint resolution authorizing the President of the United States to award a posthumous Congressional Medal of Honor to William Mitchell; to the Committee on Military Affairs.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 396. An act for the relief of the Virginia Engineering Co., Inc.;

H. R. 4016. An act to amend section 10 and repeal section 16 of the act entitled "An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes", approved May 29, 1934 (48 Stat. 811), and for other purposes;

H. R. 7253. An act for the relief of James Murphy Morgan and Blanche Copelan;

H. R. 7468. An act for the relief of Izelda Boissoneau; and

H. R. 9673. An act to authorize the recoinage of 50-cent pieces in connection with the California-Pacific International Exposition to be held in San Diego, Calif., in 1936.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 998. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass.; and

S. 1110. An act for the relief of A. Randolph Holladay.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 399. An act for the relief of A. F. Amory;

H. R. 1265. An act for the relief of N. N. Self;

H. R. 1363. An act for the relief of Petra M. Benavides;

H. R. 1440. An act for the relief of Arthur W. Bradshaw;

H. R. 1915. An act for the relief of Henry O. Goddard;

H. R. 1967. An act for the relief of Edgar H. Taber;

H. R. 2189. An act for the relief of Julia M. Ryder;

H. R. 2622. An act for the relief of M. Waring Harrison;

H. R. 2623. An act for the relief of J. W. Hearn, Jr.;

H. R. 2936. An act for the relief of J. H. Taylor & Son;

H. R. 3152. An act for the relief of Joseph Jochemczyk;

H. R. 3155. An act to confer jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment upon the claims of the Bankers Reserve Life Co. of Omaha, Nebr., and the Wisconsin National Life Insurance Co. of Oshkosh, Wis.;

H. R. 3383. An act to provide a preliminary examination of the Greenbrier River and its tributaries in the State of West Virginia, with a view to the control of its floods;

H. R. 3384. An act to provide a preliminary examination of the Cheat River and its tributaries in the State of West Virginia, with a view to the control of its floods;

H. R. 3385. An act to provide a preliminary examination of the Potomac River and its tributaries, with a view to the control of its floods;

H. R. 3513. An act for the relief of Archie P. McLane and Hans Peter Jensen;

H. R. 3573. An act for the relief of Jens H. Larsen;

H. R. 3673. An act for the relief of Bernard V. Wolfe and the Dixon Implement Co.;

H. R. 4031. An act for the relief of Stanley T. Gross;

H. R. 4277. An act for the relief of James R. Russell;

H. R. 4362. An act for the relief of Patrick J. Leahy;

H. R. 4411. An act for the relief of Mary L. Munro;

H. R. 4571. An act for the relief of William W. Bartlett;

H. R. 4638. An act for the relief of Elizabeth Halstead;

H. R. 4660. An act for the relief of Robert C. E. Hedley;

H. R. 4725. An act for the relief of Catherine Donnelly, Claire E. Donnelly, John Kufall, Mary F. Kufall, and Elizabeth A. Tucker;

H. R. 4779. An act for the relief of Capt. Chester Gracie;

H. R. 4951. An act for the relief of the Moffat Coal Co.;

H. R. 4953. An act for the relief of Doris Lipscomb;

H. R. 4965. An act for the relief of M. M. Smith;

H. R. 4999. An act for the relief of Marie Linsenmeyer;

H. R. 5491. An act for the relief of the Bethlehem Fabricators, Inc.;

H. R. 5625. An act for the relief of Sperry Gyroscope Co., Inc., of New York;

H. R. 5753. An act for the relief of Edith H. Miller;

H. R. 5827. An act for the relief of Elizabeth Wyhowski, mother and guardian of Dorothy Wyhowski;

H. R. 5874. An act for the relief of Hugh B. Curry;

H. R. 5974. An act for the relief of Thelma L. Edmunds, Mrs. J. M. Padgett, Myrtis E. Posey, Mrs. J. D. Mathis, Sr., Fannie Harrison, Annie R. Colgan, and Grace Whitlock;

H. R. 6344. An act for the relief of the estate of John A. McGloin;

H. R. 6520. An act for the relief of Preston Brooks Massey;

H. R. 6578. An act for the relief of Joseph A. Therry;

H. R. 6599. An act for the relief of Florence Helen Klein, a minor;

H. R. 6669. An act for the relief of Mrs. Earl Poynor;

H. R. 6698. An act for the relief of Mae C. Tibbett, administratrix;

H. R. 6821. An act for the relief of Alfred J. White, M. J. Banker, and Charlyn DeBlanc;

H. R. 6828. An act for the relief of George H. Smith;

H. R. 6848. An act for the relief of the First Federal Savings & Loan Association of Shawnee, Okla.;

H. R. 6999. An act for the relief of Frank Rottkamp;

- H. R. 7031. An act for the relief of Georgiana Minnigerode, widow of Capt. Karl Minnigerode;
- H. R. 7529. An act for the relief of Mariano Biondi;
- H. R. 7861. An act for the relief of Mrs. J. A. Joullian;
- H. R. 7867. An act for the relief of Adolph Micek, a minor;
- H. R. 7904. An act for the relief of Grant Hospital and Dr. M. H. Streicher;
- H. R. 7963. An act for the relief of J. Edwin Hemphill;
- H. R. 8034. An act for the relief of Mae Poulard;
- H. R. 8088. An act for the relief of Nahwista Carr Bolk;
- H. R. 8094. An act for the relief of Dr. J. C. Blalock;
- H. R. 8113. An act for the relief of Louis George;
- H. R. 8301. An act to authorize a preliminary examination of the Marais des Cygnes River, in the State of Kansas, with a view to the control of its floods;
- H. R. 8320. An act for the relief of Mrs. John H. Wilke;
- H. R. 8414. An act to provide a preliminary examination of the Yakima River and its tributaries and the Walla Walla River and its tributaries in the State of Washington, with a view to the control of their floods;
- H. R. 8486. An act for the relief of John A. Baker;
- H. R. 8510. An act for the relief of John Hurston;
- H. R. 8551. An act for the relief of J. C. Donnelly;
- H. R. 8685. An act for the relief of Edwin Pickard;
- H. R. 8694. An act to provide a preliminary examination of the Chickasawha River and its tributaries in the State of Mississippi, with a view to the control of their floods;
- H. R. 8706. An act for the relief of Frank Polansky;
- H. R. 9076. An act for the relief of W. H. Dean;
- H. R. 9171. An act for the relief of Myrtle T. Grooms;
- H. R. 9190. An act for the relief of J. P. Moore;
- H. R. 9208. An act for the relief of Foot's Transfer & Storage Co., Ltd.;
- H. R. 9235. An act to provide for a preliminary examination of the Cosatot River in Sevier County, Ark., to determine the feasibility of cleaning out the channel and leveeing the river, and the cost of such improvements, with a view to the controlling of floods;
- H. R. 9236. An act to authorize a preliminary examination of the Red and Little Rivers, Ark., insofar as Red River affects Little River County, Ark., and insofar as Little River affects Little River and Sevier Counties, Ark., to determine the feasibility of leveeing Little River and the cost of such improvement, and also the estimated cost of repairing and strengthening the levee on Red River in Little River County, with a view to the controlling of floods;
- H. R. 9249. An act to provide for a preliminary examination of the Little Missouri River, in Pike County, Ark., to determine the feasibility of cleaning out the channel and leveeing the river, and the cost of such improvements, with a view to the controlling of floods;
- H. R. 9250. An act to provide for a preliminary examination of the Petit Jean River, in Scott and Logan Counties, Ark., to determine the feasibility of cleaning out the channel and leveeing the river, and the cost of such improvements, with a view to the controlling of floods;
- H. R. 9267. An act to provide for a preliminary examination of Big Mulberry Creek, in Crawford County, Ark., from the point where it empties into the Arkansas River up a distance of 8 miles, to determine the feasibility of cleaning out the channel and repairing the banks, and the cost of such improvement, with a view to the controlling of floods;
- H. R. 9273. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;
- H. R. 9380. An act for the relief of Edgar M. Barber, special disbursing agent, Paris, France, and Leo Martinuzzi, former customs clerk;
- H. R. 9866. An act to extend certain provisions of the act approved June 18, 1934, commonly known as the Wheeler-Howard Act (Public Law No. 383, 73d Cong., 48 Stat. 984), to the Territory of Alaska, to provide for the designation of Indian reservations in Alaska, and for other purposes;
- H. R. 9874. An act authorizing a preliminary examination of Cadron Creek, Ark., a tributary of the Arkansas River;
- H. R. 10135. An act to authorize the construction of a model basin establishment, and for other purposes;
- H. R. 10388. An act to aid the veteran organizations of the District of Columbia in their joint Memorial Day services at Arlington National Cemetery and other cemeteries on and preceding May 30;
- H. R. 10487. An act to authorize a survey of Lowell Creek, Alaska, to determine what, if any, modification should be made in the existing project for the control of its floods;
- H. R. 10521. An act for the relief of Joseph Mossew;
- H. R. 10575. An act for the relief of Catharine I. Klein;
- H. R. 10583. An act to authorize a preliminary examination of the San Diego River and its tributaries in the State of California, with a view to the control of its floods;
- H. R. 10631. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N. Y.;
- H. R. 10985. An act to repeal Public Law No. 246 of the Seventy-second Congress;
- H. R. 10991. An act for the relief of Harry Wallace;
- H. R. 11042. An act authorizing a preliminary examination of the Matanuska River in the vicinity of Matanuska, Alaska;
- H. R. 11043. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River at or near Conway, S. C.;
- H. R. 11073. An act granting the consent of Congress to the State Highway Commission of Missouri to construct, maintain, and operate a free highway bridge across the Current River at or near Powder Mill Ford on Route No. Missouri 106, Shannon County, Mo.;
- H. R. 11231. An act for the relief of Rasmus Bech;
- H. R. 11402. An act authorizing the Delaware River Joint Toll Bridge Commission of the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point near Delaware Water Gap;
- H. R. 11476. An act to revive and reenact the act entitled "An act granting the consent of Congress to the Lamar Lumber Co. to construct, maintain, and operate a railroad bridge across West Pearl River, at or near Talisheek, La.", approved June 17, 1930;
- H. R. 11478. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;
- H. R. 11486. An act for the relief of Mary Hemke;
- H. R. 11562. An act to renew patent no. 25909 relating to the badge of the United States Daughters of 1812;
- H. R. 11573. An act to amend the act entitled "An act for the relief of certain purchasers of lands in the borough of Brooklawn, State of New Jersey", approved August 19, 1935;
- H. R. 11613. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.;
- H. R. 11644. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;
- H. R. 11685. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;
- H. R. 11729. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Natchez, Miss., and for other purposes;
- H. R. 11738. An act granting the consent of Congress to the State Highway Commission of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Monticello, Miss.;
- H. R. 11772. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Sistersville, W. Va.;

H. R. 11793. An act to authorize a preliminary examination of various creeks in the State of California with a view to the control of their floods;

H. R. 11806. An act to authorize a preliminary examination of Passaic River, N. J., with a view to the control of its floods;

H. J. Res. 223. Joint resolution conferring upon the Court of Claims jurisdiction of the claim of the Rodman Chemical Co. against the United States;

H. J. Res. 412. Joint resolution to authorize an investigation of the means of increasing capacity of the Panama Canal for future needs of interoceanic shipping, and for other purposes; and

H. J. Res. 553. Joint resolution extending the time for the Federal Trade Commission to make an investigation and file final report with respect to agricultural income and the financial and economic condition of agricultural producers generally.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 45 minutes p. m.) the House adjourned until tomorrow, Wednesday, April 29, 1936, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

823. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1936, submitting a report, together with accompanying papers, on a preliminary examination of the shore at Gay Head, Mass., with a view to preventing erosion, authorized by the River and Harbor Act approved August 30, 1935; to the Committee on Rivers and Harbors.

824. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1936, submitting a report, together with accompanying papers, on a preliminary examination of Carvers Bay, Mich., authorized by the River and Harbor Act approved August 30, 1935; to the Committee on Rivers and Harbors.

825. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 22, 1936, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of Pensaukee Harbor, Wis., authorized by the River and Harbor Act approved August 30, 1935 (H. Doc. No. 478); to the Committee on Rivers and Harbors and ordered to be printed with an illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 12419. A bill to apply laws covering steam vessels to sea-going vessels of 300 gross tons and over propelled by internal-combustion engines; without amendment (Rept. No. 2505). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER: Committee on Military Affairs. H. R. 7925. A bill to authorize the Utah Pioneer Trails and Landmarks Association to construct and maintain a monument on the Fort Douglas Military Reservation, Salt Lake City, Utah; without amendment (Rept. No. 2512). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 9073. A bill to amend section 1241 of the Revised Statutes of the United States, and to amend the acts of March 4, 1919, and July 11, 1919, to provide for the sale, after advertisement, to the highest bidder of certain military stores, etc.; with amendment (Rept. No. 2513). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928; without amendment (Rept. No. 2514). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 9969. A bill relative to limitation of shipowners' liability; with amendment (Rept. No. 2517). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MAAS: Committee on Naval Affairs. H. R. 1872. A bill for the relief of Roscoe McKinley Meadows; without amendment (Rept. No. 2506). Referred to the Committee of the Whole House.

Mr. McFARLANE: Committee on Naval Affairs. H. R. 5743. A bill for the relief of Robert D. Doherty; without amendment (Rept. No. 2507). Referred to the Committee of the Whole House.

Mr. MAAS: Committee on Naval Affairs. H. R. 8278. A bill for the relief of Earl Elmer Gallatin; with amendment (Rept. No. 2508). Referred to the Committee of the Whole House.

Mr. DARDEN: Committee on Naval Affairs. H. R. 8688. A bill for the relief of Grace Schultz; with amendment (Rept. No. 2509). Referred to the Committee of the Whole House.

Mr. McFARLANE: Committee on Naval Affairs. H. R. 8884. A bill for the relief of Mrs. Ollie Myers; with amendment (Rept. No. 2510). Referred to the Committee of the Whole House.

Mr. DARDEN: Committee on Naval Affairs. H. R. 11341. A bill for the relief of Arthur L. Hecykell; without amendment (Rept. No. 2511). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 3516. An act for the relief of Alice D. Hollis; without amendment (Rept. No. 2515). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 4135. An act for the relief of Helen Curtis; without amendment (Rept. No. 2516). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BULWINKLE: A bill (H. R. 12489) to provide for the conveyance of certain property to the city of Gastonia, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. MAY: A bill (H. R. 12490) authorizing a preliminary survey examination of the Levisa Fork of Big Sandy River in the vicinity of the Breaks of Sandy; to the Committee on Flood Control.

By Mr. AYERS: A bill (H. R. 12491) to prohibit evil practices in labor employment on Government works and work prosecuted with Federal-aid funds, and for other purposes; to the Committee on the Judiciary.

By Mr. COLDEN: A bill (H. R. 12492) to provide for the construction of a marine hospital at Los Angeles Harbor, Los Angeles, Calif.; to the Committee on Merchant Marine and Fisheries.

By Mr. FERNANDEZ: A bill (H. R. 12493) to provide for the sale of the New Orleans Army supply base at New Orleans, La., to the State of Louisiana (Board of Commissioners of the port of New Orleans, La.); to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H. R. 12494) to provide for the establishment of a Coast Guard station on Lake St. Clair, Mich.; to the Committee on Merchant Marine and Fisheries.

By Mr. RANDOLPH: A bill (H. R. 12495) to amend an act entitled "An act to provide for vocational rehabilitation of disabled residents of the District of Columbia, and for other purposes" (Public, No. 801, 70th Cong.); to the Committee on the District of Columbia.

By Mr. SMITH of Virginia: A bill (H. R. 12496) to amend sections 4892 and 4893 of the Revised Statutes; to the Committee on Patents.

By Mrs. O'DAY: A bill (H. R. 12497) to authorize the Director of the Mint to prepare a medal commemorative of the continuous effort and service of Carrie Chapman Catt for the betterment of the status of women in the United States; to the Committee on Coinage, Weights, and Measures.

By Mr. KLEBERG: A bill (H. R. 12498) to correlate certain governmental functions, and for other purposes; to the Committee on Agriculture.

By Mr. WOOD: A bill (H. R. 12499) to stabilize the structural steel fabricating and erection industry; to prevent monopoly conditions and practices therein; to provide for the general welfare; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McREYNOLDS: Resolution (H. Res. 498) amending rule XXI, clause 3, of the Rules of the House of Representatives; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of Puerto Rico; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN: A bill (H. R. 12500) conferring upon United States patent application serial no. 575231, filed in United States Patent Office by the United States in the name of William H. Priess, the benefit and status of the same filing date, namely, February 4, 1919, upon which Lt. William H. Priess communicated and filed the same subject matter in the patents department, bureau of aircraft production; to the Committee on Patents.

By Mr. EKWALL: A bill (H. R. 12501) for the relief of W. G. Wertz; to the Committee on Claims.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 12502) for relief of David Gorfine (David Fine); to the Committee on Immigration and Naturalization.

By Mr. McCLELLAN: A bill (H. R. 12503) for the relief of Herbert Alexander Heagney; to the Committee on Military Affairs.

By Mr. PITTENGER: A bill (H. R. 12504) for the relief of the First National Bank of Cloquet, Minn.; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 12505) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Sam Green; to the Committee on Claims.

By Mr. SANDERS of Texas: A bill (H. R. 12506) to confer jurisdiction upon the United States District Court for the Eastern District of Texas to determine the claim of Charlie J. Starnes; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10788. By Mr. GOODWIN: Petition of the New York Federation of Post Office Clerks, expressing opposition to all forms of discrimination against active men in the Postal Service, requesting the reinstatement of Clerk H. Edelsberg, and immediate enactment of the Pearson bill; to the Committee on the Post Office and Post Roads.

10789. Also, petition of the Detroit Federation of Post Office Clerks, Detroit, Mich., urging action on House bill 7688, to provide for the appointment and promotion of postal substitutes; to the Committee on the Post Office and Post Roads.

10790. Also, resolution of the national executive board of American Newspaper Guild, New York City, urging Congress to continue the Federal arts projects on a national basis under direct Federal control; to the Committee on Appropriations.

10791. By Mr. PFEIFER: Petition of the Eastern Meat Packers Association, Inc., New York, opposing the present windfall tax in the revenue bill; to the Committee on Ways and Means.

10792. By Mr. SUTPHIN: Petition of the Happy Club of Monmouth County, N. J., commending the Works Progress Administration and urging its continuance; to the Committee on Appropriations.

10793. By the SPEAKER: Petition of the Congregation Beth Israel, Los Angeles, Calif.; to the Committee on the Post Offices and Post Roads.

10794. Also, petition of the city of Waukegan, Ill.; to the Committee on Banking and Currency.

10795. Also, petition of the city of Knoxville, Tenn.; to the Committee on Banking and Currency.

10796. Also, petition of the city of Detroit, Mich.; to the Committee on Banking and Currency.

SENATE

WEDNESDAY, APRIL 29, 1936

(Legislative day of Friday, Apr. 24, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, April 28, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On April 24, 1936:

S. 3258. An act to amend section 304 of the Revised Statutes, as amended;

S. 3395. An act to authorize the acquisition of the railroad tracks, trestle, and right-of-way of the Gulf Power Co. at the naval air station, Pensacola, Fla.; and

S. 3669. An act providing for the suspension of annual assessment work on mining claims held by location in the United States.

On April 25, 1936:

S. 3720. An act to authorize the Secretary of the Navy to accept on behalf of the United States the bequest of the late Henry H. Rogers, and for other purposes; and

S. J. Res. 233. Joint resolution providing for the participation of the United States in the Great Lakes Exposition to be held in the State of Ohio during the year 1936, and authorizing the President to invite the Dominion of Canada to participate therein, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 3842. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the establishment of the territorial government of Wisconsin, and to assist in the celebration of the Wisconsin Centennial during the year of 1936; and

S. 4229. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the incorporation of Bridgeport, Conn., as a city.